

CITY OF SHREVEPORT LOUISIANA



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDING DECEMBER 31, 2005

**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**



CITY OF SHREVEPORT, LOUISIANA

For the Year Ended December 31, 2005

Finance Department
Elizabeth B. Washington, Director

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11-8-2006

About the Cover

The cover features the newly-opened Shreveport Convention Center (www.shreveportcenter.com) which is the latest amenity to debut in downtown Shreveport for meetings, conventions, trade shows, banquets and more. It is a 350,000 square foot multi-purpose, state-of-the-art facility designed to accommodate any event, no matter how large or small.

**CITY OF SHREVEPORT, LOUISIANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1
Certificate of Achievement for Excellence in Financial Reporting	7
Organizational Chart	8
Principal Officials	9
Finance Department	10
FINANCIAL SECTION	
Independent Auditor's Report	11
Management's Discussion and Analysis	15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	29
Statement of Activities	30
Fund Financial Statements:	
Balance Sheet - Governmental Funds	32
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	33
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	34
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	37
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Community Development	40
Statement of Net Assets - Proprietary Funds	42
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	44
Statement of Cash Flows - Proprietary Funds	45
Statement of Fiduciary Net Assets - Fiduciary Funds	47
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	48
Statement of Net Assets - Component Units	49
Statement of Activities - Component Units	50
Notes to the Financial Statements	54

Required Supplementary Information:	
Trend Data on Pension Funding	106
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	110
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds.....	112
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Riverfront Development	114
Combining Statement of Net Assets - Nonmajor Enterprise Funds.....	116
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Nonmajor Enterprise Funds	117
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	118
Combining Statement of Net Assets - Internal Service Funds.....	122
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Internal Service Funds	123
Combining Statement of Cash Flows - Internal Service Funds.....	124
Combining Statement of Net Assets - Fiduciary Funds	128
Combining Statement of Changes in Net Assets - Fiduciary Funds	129
Discretely Presented Component Unit:	
Metropolitan Planning Commission	
Balance Sheet.....	132
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	133

STATISTICAL SECTION

Fund information:	
General Governmental Expenditures by Function	136
General Governmental Revenues by Source	138
General Fund Expenditures by Function	139
General Fund Revenues by Source.....	140
General Fund Tax Revenues by Source	141
Property Tax Levies and Collections.....	142
Assessed and Estimated Actual Value of Taxable Property.....	143
Summary of Ad Valorem Tax Millage Rates.....	144
Property Tax Rates and Tax Levies - Direct and Overlapping Governments	145
Principal Taxpayers	146
Special Assessment Billings and Collections.....	147
Computation of Legal Debt Margin	148
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita.....	149
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures.....	150

Computation of Direct and Overlapping Debt -	
General Obligation Bonds and Notes.....	151
Revenue Bond Coverage - Water and Sewer Bonds	152
Revenue Bond Coverage - Municipal and Regional Airports	153
Demographic Statistics.....	154
Property Value, Construction, and Bank Deposits	155
Miscellaneous Statistics	156





CITY OF SHREVEPORT

P.O. BOX 31109 SHREVEPORT, LA 71130 • 505 TRAVIS STREET SHREVEPORT, LA 71101

web site: www.ci.shreveport.la.us

June 15, 2006

Mayor Keith Hightower
Members of the City Council
City of Shreveport, Louisiana

Mayor and Members of the City Council:

In accordance with Section 10.02, paragraph (j), of the City Charter, I am pleased to submit the Comprehensive Annual Financial Report for the year ended December 31, 2005. The financial statements were prepared in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted government auditing standards by a firm of licensed certified public accountants. I believe this report presents comprehensive information about the City's financial and operating activities during 2005 that is useful to taxpayers, citizens, and other interested persons.

This report was prepared by the Accounting Division of the Finance Department and consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. In addition to internal controls established by management and those built into the accounting system, the Office of Internal Audit periodically reviews the adequacy of internal controls. The Internal Auditor and her staff are independent of the Finance Department. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

In accordance with Section 4.28 of the City Charter, the City Council is required to provide for an annual independent audit of the accounts and financial transactions of the City by a firm of independent certified public accountants duly licensed to practice in the State of Louisiana. The accounting firm of KPMG LLP was selected by the City to conduct its annual audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2005, are free of material misstatement. The independent audit

involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Shreveport

The City of Shreveport was incorporated in 1839. It is located on the west bank of the Red River in Northwest Louisiana, approximately thirty miles south of Arkansas and fifteen miles east of Texas. Shreveport is the seat of Caddo Parish and the center of a metropolitan area that includes Bossier, Caddo, and Webster Parishes. Although located primarily in Caddo Parish, a small portion of the City extends into Bossier Parish. The current area of the City is approximately 122 square miles.

The City of Shreveport has been organized under a mayor-council form of government since 1978, when the current City charter was adopted by the voters. The charter provides for a seven member council, with each member selected for four-year terms from separate districts of the City. The mayor is elected at-large for a four-year term, is not a member of the council, but has veto power over council action.

The City provides a wide range of services including public safety, highways and streets, sanitation, water and sewer services, airports, transportation, recreational activities, general administration functions and others.

These financial statements present the City of Shreveport (the primary government) and its component units. The component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. Included as discretely presented component units is the financial data for the City Courts, City Marshal, the Downtown Development Authority, Shreveport Home Mortgage Authority, Metropolitan Planning Commission and the Shreveport Convention Center Hotel Authority. They are reported separately within the City's financial statements to emphasize that they are legally separate from the City. Additional information on these legally separate entities can be found in the notes to the financial statements.

Budgetary Control

The annual budget serves as the foundation for the City's financial planning and control. The City Council is required to adopt the final budgets no later than December 15 each year. Budgets are adopted at the fund, department, object level. The exception is the Community Development Department where the budget is at the fund, department, division, object level. Transfers outside of these require the approval of the City Council.

Local Economy

Unemployment for 2005 was better than 2004. The unemployment rate as of December 31, 2005 was 4.7% compared to 5.7% in 2004 and 6.1% in 2003. Over the past five years, the unemployment rate has been steadily declining. The unemployment rate is expected to remain stable in 2006. There is a projection of a couple of thousand new jobs over 2006 through 2007. The Shreveport counterparts in Louisiana will be affected much differently due to Katrina. Some areas will experience tremendous growth due to companies and evacuees moving into those regions. Shreveport is the most distant region from New Orleans. One industry that moved to Shreveport from New Orleans was the movie industry. Shreveport is attempting to capitalize on that opportunity. In 2005, the large call center that opened in 2004 added new jobs.

Casinos and their hotels added jobs to the region during the past five years. The casino industry felt the impact of the economy in 2003. Shreveport's revenues decreased in 2003 and have decreased each year since. In 2005, other areas of the State experienced increases in revenues. Following is a five-year history of the City's gaming revenues at December 31:

2001	\$14,819,542
2002	15,052,411
2003	13,754,595
2004	12,891,549
2005	11,617,496

Casino boardings have shown increased competition both in the local market and a nearby state. Even so, the casino industry continues to be a vital part of the local economy.

Prior to the arrival of the two hurricanes in Louisiana, many retail trade sub-sectors in the State's forecast was expected to show tepid growth, if any growth at all. To the contrary, retail sales in Shreveport grew in 2005. Retail sales showed the effect of the sluggish economy from 2001 through 2003. There was a .25% rate increase beginning in 2003. Sales tax rebounded in 2004 and continued in 2005. The five-year trend has been as follows:

2001	\$75,481,654
2002	75,971,486
2003	82,343,007
2004	87,911,418
2005	93,713,711

While retail sales did see some impact from Katrina evacuees housed in the area, especially in September and October, sales were already up 6.3% by June. Shreveport continued to increase the

variety of retail stores opening in 2005. This variety is drawing shoppers from a wider radius around the metropolitan area.

Commercial construction decreased slightly in both the number of permits and value. In 2005, there were 95 permits issued with a value of \$112,346,149 compared to 100 permits valued at \$148,694,901 in 2004. The low mortgage rates have continued to keep residential construction high. New multi-family construction showed the greatest annual percent increase. In 2005, the number of permits issued increased to 669, up from 615 in 2004. The value of those permits increased to \$142,783,450 from \$113,224,966 in 2004. The five-year history in construction has shown ups and downs in the number of permits with mostly increases in value. The value of residential construction has been increasing. Following is a chart which shows the five-year history for commercial and residential construction:

Fiscal Year	<u>Commercial Construction</u>		<u>Residential Construction</u>	
	<u>Number Of Units</u>	<u>Value</u>	<u>Number Of Units</u>	<u>Value</u>
2001	161	\$ 57,699,144	374	\$ 56,942,287
2002	87	100,925,424	448	72,277,725
2003	80	125,055,018	694	107,285,644
2004	100	148,694,901	615	113,224,966
2005	95	112,346,149	669	142,783,450

Business bankruptcies were up 16.9% in 2005. The percent increase, however, was noticeably less than the 26% increase in 2004 over 2003. Personal bankruptcies were up 21.9% in 2005. National personal bankruptcies were also up. In Shreveport, 2005 will go on record as the year personal bankruptcy filings were driven by the October 17 change in bankruptcy laws.

Employment, retail sales, construction and other economic factors point to a healthy local economy. It appears that Shreveport is on a path for continued growth.

Long-term Financial Planning

For many years, gaming revenues were considered a limitless source of revenue to meet various community needs. While the casino industry is still a vital part of the local economy, it is unlikely that there will be strong growth in gaming revenues in the near future. In 2005, there was lot of discussion for the 2006 budget as to how much support the City should provide from gaming revenues for community and civic organizations. Most of the community and civic groups' funding was slightly reduced for 2006.

For the next few years, the payment for the Convention Center bonds will be made from the Debt Service Fund rather than from gaming revenues. There will continue to be a transfer to the General Fund from gaming revenues to help keep the operating reserve at a reasonable level.

Most of the City's capital projects will have little, if any, impact on the City's operating budgets. The project that will have the most significant impact will be the Shreveport Convention Center. Almost \$1.8 million for Convention Center operations is included in the 2006 Riverfront Fund budget. This fund's primary source of revenue is from riverboat gaming activities. Other capital projects increase operating costs very little over the next several years. There may be small increases in operating costs when the wastewater treatment plants are expanded, but the expansion will not occur for several years.

Projects are planned and funded primarily by bond issues or in response to Federal or State funding opportunities.

On a long-term basis, the City must focus on how much support it should provide from gaming revenues to various community groups and civic groups. While sales taxes appear to be rising, revenues are projected to grow at a slower rate than expenditures. In order to fill the gap between revenues and expenditures, the City will need to make some hard choices.

The largest business-type activity is the Water and Sewer Fund. For the past two years, the fund has implemented a 10% rate increase annually. Another 4% increase will become effective on January 1, 2006. These increases should allow the fund to meet its budget increases primarily due to larger debt service payments on borrowed funds for improvements to the water and sewer system. In 2005, debt in the amount of \$75 million was issued.

Long-term, the City must determine what are true needs, what are the priorities, what do citizens want, etc. In the coming budgets, these questions must be answered.

Relevant Financial Policies

The City's policy on the use of unpredictable revenues, specifically gaming revenues is essential to prudent planning. Gaming revenues cannot be considered the seemingly, limitless source of revenue. As the casino industry changes, it is imperative that the City limit the use of gaming revenues. In 2005, the City made a decision in the budget process to reduce contributions slightly for community organizations.

Major Initiatives

Two of the City's largest major initiatives for 2005 were the completion of a \$100 million project to build a convention center downtown. The Convention Center is scheduled to open by early 2006. Along with the Convention Center, in 2005, construction began on an adjoining hotel at the Convention Center site. This \$46.9 million project will complement the Convention Center by providing a 300-room headquarters hotel next door. It is expected to be completed by the end of 2006.

In order to improve the sewer plants, the City has funded a \$78 million long-term project, Lucas and North Regional Wastewater Plant Expansion, to expand both of the wastewater treatment plants. Construction on the first phase is complete.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Shreveport for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2004. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by the City and its management. We are proud to have received this award each year for the past twenty-six years (beginning with our Comprehensive Annual Financial Report for the fiscal year ended December 31, 1979).

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which

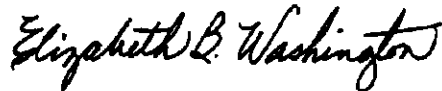
conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Shreveport, Louisiana for its Popular Annual Financial Report for the fiscal year ended December 31, 2004. We have received this award for the past ten years. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. An Award for Outstanding Achievement in Popular Annual Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

Sincere appreciation is expressed to the entire staff in the Finance Department and especially to the professional accounting staff whose dedicated and efficient services have made the preparation of this report possible. Thanks to the Mayor and City Council for your support of excellence in financial reporting and fiscal integrity.

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth B. Washington".

Elizabeth B. Washington
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Shreveport,
Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



Carla E. Perry

President

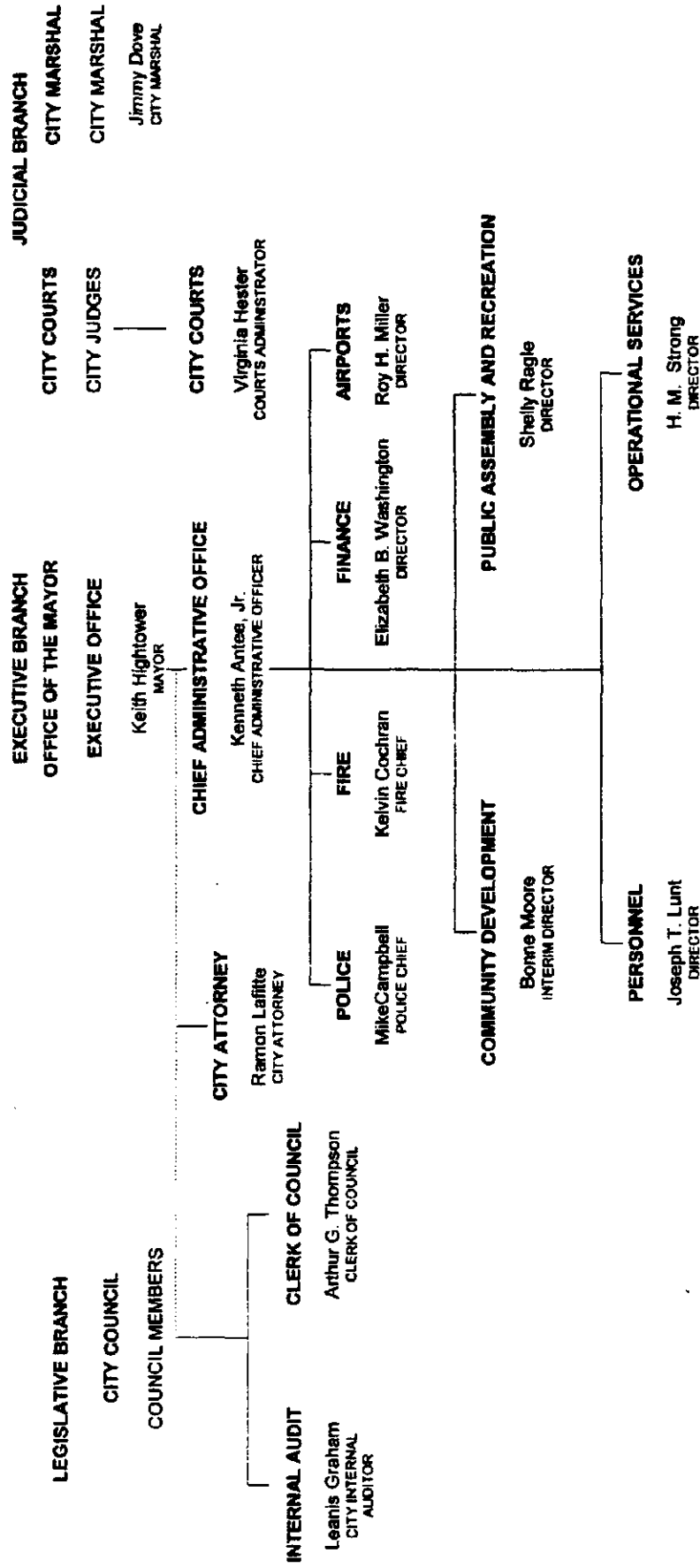
Jeffrey R. Egan

Executive Director

CITY OF SHREVEPORT

TABLE OF ORGANIZATION

December 31, 2005



CITY OF SHREVEPORT, LOUISIANA

PRINCIPAL OFFICIALS

Keith Hightower
Mayor

Kenneth R. Antee, Jr.
Chief Administrative Officer

Members of City Council

Calvin B. Lester, Jr.
R. M. Walford
Thomas G. Carmody, Jr.
Cynthia N. Robertson
Jeffery A. Hogan
James E. Green
Theron J. Jackson

District A
District B
District C
District D
District E
District F
District G

CITY OF SHREVEPORT, LOUISIANA

FINANCE DEPARTMENT

Department Director

Elizabeth B. Washington

Division Managers

**John Pistorius
Dan Thomas
Anna Brown
Tom Mattox
Tom Cody**

**Accounting
Data Processing
Revenue Collection
Purchasing
Risk Management**

Accounting Staff

**Rosalyn Atkins
Dorothy Cole
Toronya Gillyard
Rosie Jacobs
Marie Lafontant
Charles Madden
Erna Mitchell
Lynn Petrey
Larry Phelps
Lashonda Samuels**

**Louise Broom
G-Ray Evans
Danny Hawks
Evelyn Jones
Linda Long
Bruce Messier
Abigail Monette
Diane Pharr
James Rolfs
Brenda Stills**



KPMG LLP
Suite 1900
333 Texas Street
Shreveport, LA 71101-3882

Independent Auditors' Report

To the Members of the City Council and
Honorable Keith Hightower, Mayor
City of Shreveport, Louisiana:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Shreveport, Louisiana (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the accompanying Table of Contents. We also have audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, internal service, fiduciary, Shreveport Home Mortgage Authority, and Metropolitan Planning Commission funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended December 31, 2005 as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the component unit financial statements of the City Courts, City Marshal, and Downtown Development Authority, which represent 35% and 77%, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City Courts, City Marshal, and Downtown Development Authority, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Community Development Fund for the year then ended in conformity with U.S. generally accepted accounting principles. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of

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each nonmajor governmental, nonmajor enterprise, internal service, fiduciary, Shreveport Home Mortgage Authority, and Metropolitan Planning Commission funds of the City as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in note 3 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures* in 2005.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2006 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, schedules of employee contributions, schedules of funding progress and related notes identified as Required Supplementary Information in the Table of Contents is not a required part of the basic financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying financial information in the Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying financial information in the Introductory and Statistical Sections has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

KPMG LLP

June 12, 2006

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Management's Discussion and Analysis

The Management Discussion and Analysis (MD&A) offers the readers of the City of Shreveport's financial statements this narrative overview and analysis of the financial activities of the City of Shreveport for the fiscal year ended December 31, 2005. This information presented here should be considered in conjunction with additional information provided in the letter of transmittal which is found on pages 1-6 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at December 31, 2005 by \$840.5 million (net assets). Governmental activities' unrestricted assets are a deficit of \$10.5 million. This is the result of the City financing certain long-term liabilities that would have been paid over future years to take advantage of available lower interest rates.
- The City's total net assets increased \$58.3 million. Net assets of governmental activities increased \$40.7 million and net assets of business-type activities increased \$17.6 million.
- As of December 31, 2005, the City's governmental funds reported combined ending fund balances of \$134.5 million, a decrease of \$47.0 million from the prior year. Of this amount, \$11.5 million for the General Fund was unreserved, undesignated, and available for spending.
- The unreserved, undesignated fund balances for the General Fund represented 7.4% of total General Fund expenditures.
- The City's total debt increased \$90.0 million.

Overview of the Financial Statements

The management discussion and analysis serves as an introduction to the City's basic financial statements which are the government-wide financial statements, fund financial statements, and notes to the financial statements. Also included in the report is required supplementary information.

Government-wide financial statements. The government-wide financial statements report information about the overall finances of the City similar to a business enterprise. These statements combine and consolidate short-term, spendable resources with capital assets and long-term obligations.

The statement of net assets presents information on all of the City's assets less liabilities which results in net assets. The statement is designed to display the financial position of the City. Over time, increases or decreases in net assets help determine whether the City's financial position is improving or deteriorating.

The statement of activities provides information which shows how the City's net assets changed as a result of the year's activities. The statement uses the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid. The statement distinguishes functions of the City that are financed primarily by taxes, intergovernmental revenues, and

charges for services (governmental activities) from functions where user fees and charges to customers help to cover all or most of the cost of services (business-type activities). The City's governmental activities include general government, public safety, public works, culture and recreation, health and welfare, community development, economic development, and economic opportunity. The business-type activities of the City include airports, water and sewer systems, hotel, transit, golf, and parking operations.

Not only do the government-wide financial statements include the City itself which is the primary government, but also its component units, Shreveport Home Mortgage Authority, City Courts, City Marshal, Downtown Development Authority, Metropolitan Planning Commission, and the Shreveport Convention Center Hotel Authority. Although these component units are legally separate, their operational or financial relationship with the City makes the City financially accountable. The government-wide financial statements can be found on pages 29-31 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate fiscal accountability. The City uses governmental, proprietary, and fiduciary fund financial statements to provide more detailed information about the City's most significant funds rather than the City as a whole.

Governmental funds. Governmental funds are used to report most of the City's basic services. The funds focus on the inflows and outflows of current resources and the balances of spendable resources available at the end of the fiscal year. Governmental fund statements provide a near- or short-term view of the City's operations. A reconciliation is prepared of the governmental funds Balance Sheet to the Statement of Net Assets and the Statement of Revenues, Expenditures, and Changes in Fund Balances of governmental funds to the Statement of Activities.

Fourteen governmental funds are used by the City. There are three major funds which have separately presented information in the governmental fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. The major funds are the General Fund, Community Development, and Debt Service. The eleven nonmajor funds are presented in the aggregate in the governmental fund financial statements. The individual fund information is presented in combining statements.

The City adopts an annual appropriated budget for its general fund and certain special revenue funds. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 32-41 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its airports, water and sewer, hotel, and other operations. Internal service funds are an accounting device

used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its health care, retained risk, and fleet services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Proprietary fund financial statements provide separate information for the airports, water and sewer, and hotel operations which are considered to be major funds of the City.

Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 42-46 of this report.

Fiduciary funds. Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for others. Activities from fiduciary funds are not included in the government-wide financial statements because the City cannot use these assets for its operations. The accounting for fiduciary funds is much like that used in proprietary funds. The basic fiduciary aggregated fund financial statements can be found on pages 47-48 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 54-105 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 106-107 of this report.

The combining statements for nonmajor governmental funds, enterprise funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 110-114 for governmental funds, pages 116-119 for enterprise funds, and pages 122-125 for internal service funds and pages 128-129 for fiduciary funds.

Government-wide Financial Analysis

Net assets. The following table reflects condensed information on the City's net assets:

	Net Assets (in millions)					
	Governmental Activities		Activities		Business-type Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$199.9	\$243.2	\$149.0	\$ 45.0	\$ 348.9	\$ 288.2
Capital assets	<u>721.2</u>	<u>661.2</u>	<u>482.2</u>	<u>452.7</u>	<u>1,203.4</u>	<u>1,113.9</u>
Total assets	<u>921.1</u>	<u>904.4</u>	<u>631.2</u>	<u>497.7</u>	<u>1,552.3</u>	<u>1,402.1</u>
Long-term debt outstanding	375.5	398.3	284.0	166.7	659.5	565.0
Other liabilities	<u>29.5</u>	<u>30.7</u>	<u>22.8</u>	<u>24.2</u>	<u>52.3</u>	<u>54.9</u>
Total liabilities	<u>405.0</u>	<u>429.0</u>	<u>306.8</u>	<u>190.9</u>	<u>711.8</u>	<u>619.9</u>
Net assets						
Invested in capital assets, net of related debt	483.4	444.5	313.8	299.7	797.2	744.2
Restricted	43.2	46.8	5.2	1.8	48.4	48.6
Unrestricted (Deficit)	<u>(10.5)</u>	<u>(15.9)</u>	<u>5.4</u>	<u>5.3</u>	<u>(5.1)</u>	<u>(10.6)</u>
Total net assets	<u>\$516.1</u>	<u>\$475.4</u>	<u>\$324.4</u>	<u>\$306.8</u>	<u>\$ 840.5</u>	<u>\$ 782.2</u>

At December 31, 2005, the City as a whole had assets greater than its liabilities by \$840.5 million compared to \$782.2 million at December 31, 2004 due primarily to an increase in capital assets. The majority (93.7%) of the City's net assets of governmental activities are invested in capital assets (streets, drainage, construction in progress, buildings, equipment, etc.). The capital assets are net of the outstanding principal of the debt associated with their acquisition. These assets are not available for future expenditures since they will not be sold. Restrictions by outside organizations are imposed upon 8.4% of the net assets. Therefore, these assets are unavailable for general expenditures but must be used for the intended purposes. Unrestricted net assets of governmental activities are a deficit of \$10.5 million at the end of the year, a decrease from a \$15.9 million deficit in 2004. The deficit does not mean that the City has insufficient resources to pay bills for the next year. However, it does show that on a long-term basis, the City has commitments beyond which it has current resources to fund the obligation. The largest of these commitments, besides the general obligation bonds are certificates of indebtedness which were issued to fund state pension obligations and notes issued for remodeling of the Independence Stadium.

The net assets of the City's business-type activities are \$324.4 million, an increase of \$17.6 million from 2004. The increase is primarily the result of capital contributions and an increase in rates for the Water and Sewerage Fund. As with the governmental activities, the majority (96.7%) of the net assets are invested in capital assets. The City uses these assets to provide services to the citizens. The unrestricted net assets of the business-type activities are \$5.4 million at December 31, 2005 compared to \$5.3 million in the prior year.

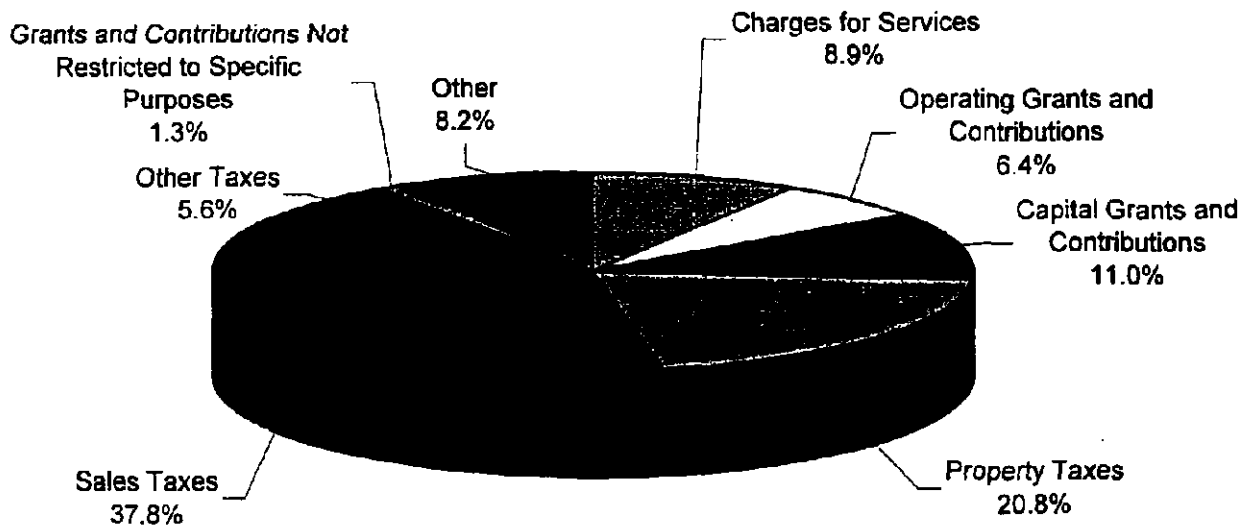
Changes in net assets. The City's total revenues and expenses for governmental and business-type activities are reflected in the following chart:

Changes in Net Assets (in millions)						
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 22.1	\$ 20.1	\$ 67.6	\$56.4	\$ 89.7	\$76.5
Operating grants and contributions	15.9	17.9	2.8	3.8	18.7	21.7
Capital grants and contributions	27.2	7.2	9.0	14.8	36.2	22.0
General revenues:						
Property taxes	51.5	51.0	-	-	51.5	51.0
Sales taxes	93.7	87.9	-	-	93.7	87.9
Other taxes	13.9	12.8	-	-	13.9	12.8
Grants and contributions not restricted to specific programs	3.2	2.9	-	-	3.2	2.9
Other	20.4	20.2	2.8	.7	23.2	20.9
Total revenues	<u>247.9</u>	<u>220.0</u>	<u>82.2</u>	<u>75.7</u>	<u>330.1</u>	<u>295.7</u>
Expenses:						
General government	31.6	35.6	-	-	31.6	35.6
Public safety	83.8	84.3	-	-	83.8	84.3
Public works	41.7	41.0	-	-	41.7	41.0
Culture and recreation	15.8	15.3	-	-	15.8	15.3
Health and welfare	.4	.3	-	-	.4	.3
Community development	3.7	6.0	-	-	3.7	6.0
Economic development	6.1	5.1	-	-	6.1	5.1
Economic opportunity	5.1	4.6	-	-	5.1	4.6
Interest on long-term debt	15.1	17.5	-	-	15.1	17.5
Municipal and regional airports	-	-	10.7	10.2	10.7	10.2
Water and sewerage	-	-	44.7	43.1	44.7	43.1
Convention Center Hotel	-	-	.5	-	.5	-
Shreveport area transit	-	-	10.6	9.7	10.6	9.7
Golf	-	-	1.6	1.3	1.6	1.3
Downtown parking	-	-	.4	.4	.4	.4
Total expenses	<u>203.3</u>	<u>209.7</u>	<u>68.5</u>	<u>64.7</u>	<u>271.8</u>	<u>274.4</u>
Increase in net assets before transfers	44.6	10.3	13.7	11.0	58.3	21.3
Transfers	(3.9)	(4.0)	3.9	4.0	-	-
Increase in net assets	40.7	6.3	17.6	15.0	58.3	21.3
Net assets January 1, 2005	<u>475.4</u>	<u>469.1</u>	<u>306.8</u>	<u>291.8</u>	<u>782.2</u>	<u>760.9</u>
Net assets December 31, 2005	<u>\$516.1</u>	<u>\$475.4</u>	<u>\$324.4</u>	<u>\$306.8</u>	<u>\$840.5</u>	<u>\$782.2</u>

Revenues for the City's governmental activities for the year ended December 31, 2005 were \$247.9 million compared to \$220.0 million in 2004.

- Program revenues increased \$20.0 million in 2005 compared to 2004 primarily as a result of an increase in capital grants and contributions of property through donations and annexations.
- General revenues are, for the most part, comprised of sales and property taxes (79.5%).
 - Sales taxes represent 51.3% of revenues at \$93.7 million compared to \$87.9 million for 2004. Sales taxes increased approximately 6.6% due to increased retail sales.
 - Property tax revenues represent 28.2% at \$51.5 million compared to \$51.0 million in 2004. Revenue increased over the prior year due to increased property values.

Revenues by Source - Governmental Activities

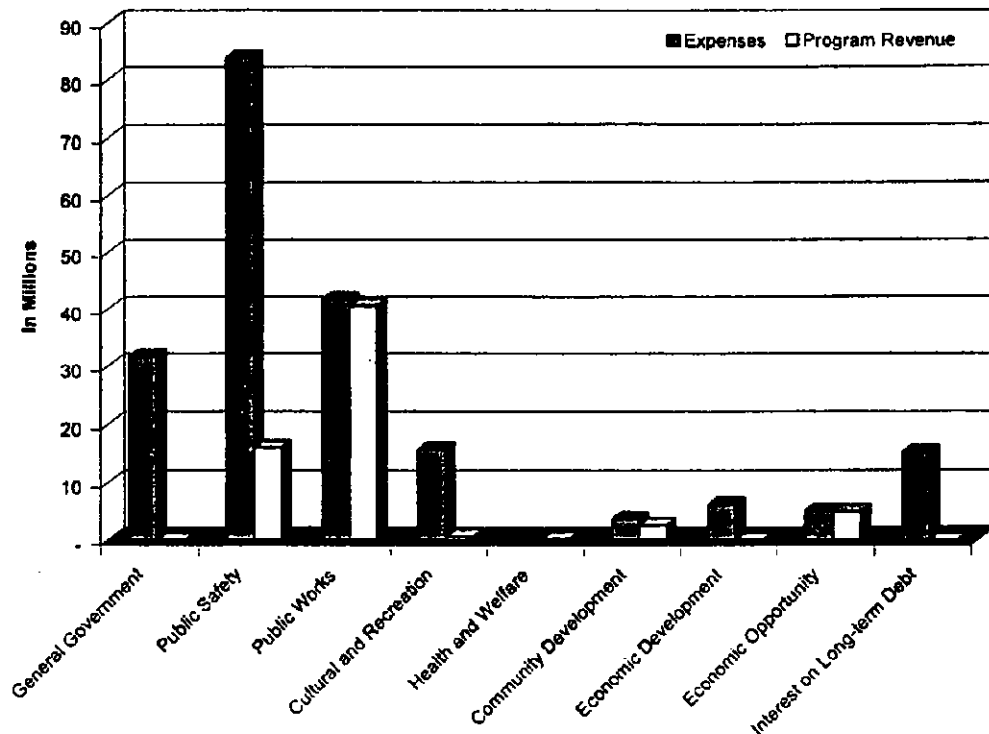


The cost of providing all governmental activities this year was \$203.3 million, a decrease of \$6.4 million from the prior year. The key factors for the decrease were:

- General government expenses decreased by \$4.0 million. This was mainly due to a smaller increase in the employee retirement system net pension obligation compared to the prior year.
- Community development expenditures decreased by \$2.3 million. There was less grant-related activity in 2005 compared to 2004.

The City's five largest programs are public safety, public works, general government, interest on long-term debt and cultural and recreation. The graph below shows the expenses and program revenues generated by governmental activities:

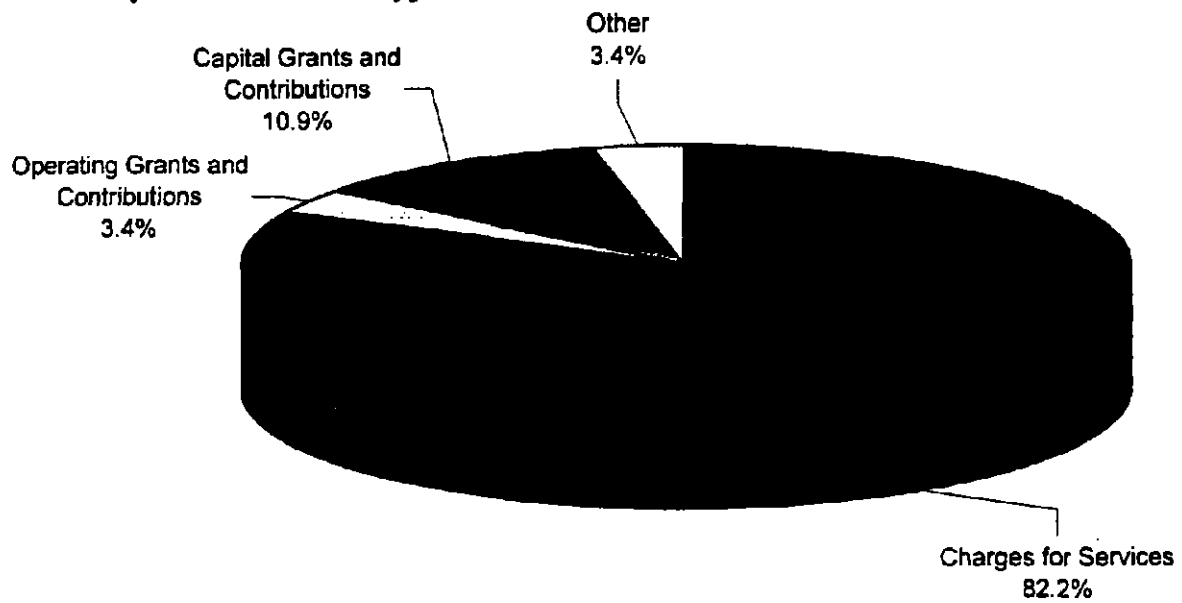
Expenses and Program Revenues - Governmental Activities



Business-type Activities. Charges for services for the City's business-type activities were \$67.6 million for 2005, an increase of \$11.2 million from 2004.

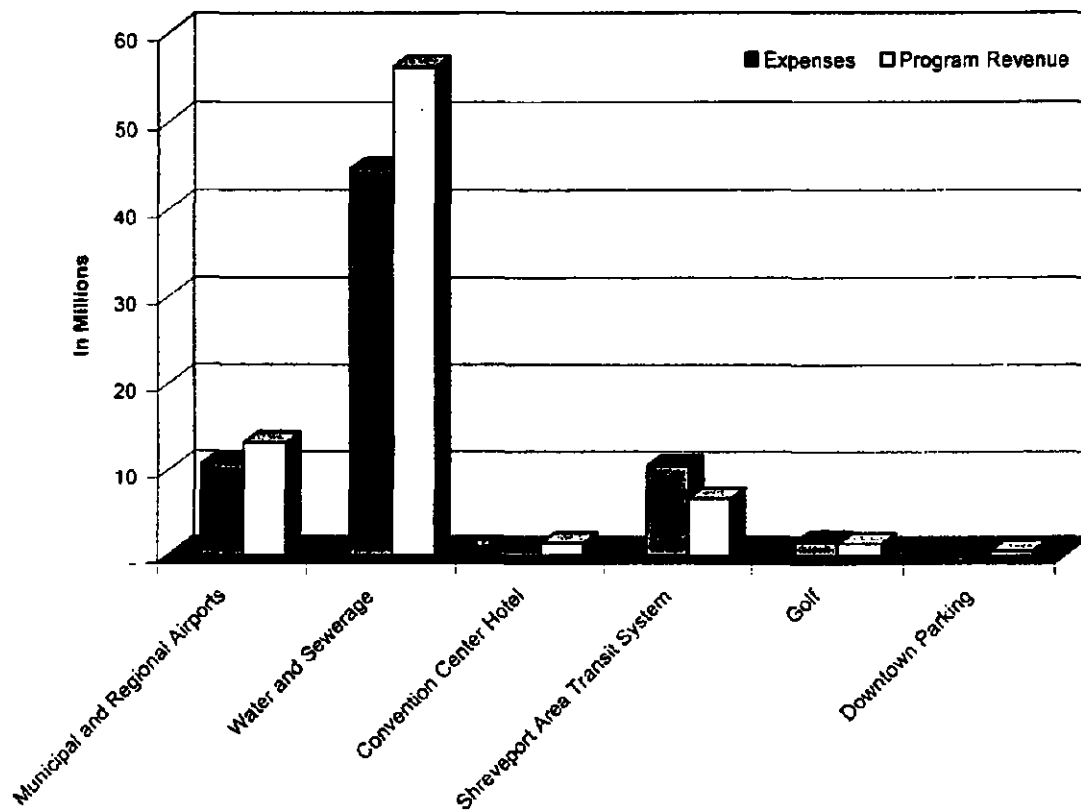
- Municipal and Regional Airports revenues were up \$.5 million. Landing fees increased as well as rental revenues.
- Water and Sewerage revenues increased \$10.4 million in 2005. This was the result of planned rate increases which were needed due to larger debt service payments on funds borrowed for system improvements.

Revenues by Source - Business-type Activities



The costs of these business-type activities were \$68.5 million for 2005, an increase of \$3.8 million from 2004.

Expenses and Program Revenues - Business-type Activities



Expense increases were general in nature and affected most activities across the board. Municipal and Regional Airports increased \$.5 million, Water and Sewerage \$1.6 million, Shreveport Area Transit System \$.9 million, and the Convention Center Hotel, which is a new activity, \$.5 million.

Financial Analysis of the City's Funds

Governmental funds. The analysis of governmental funds serves the purpose of looking at what resources came into the funds, how they were spent and what is available for future expenditures. Did the government generate enough revenue to pay for current obligations? What is available for spending at the end of the year? The City's governmental funds for the year ended December 31, 2005 reflect combined fund balances of \$134.5 million, a decrease of \$47.0 million compared to the prior year. Sixty-eight percent of the fund balances are reserved to pay for debt service (\$40.2 million) and to pay for contracts and purchase orders which have been committed to in the prior year(s) \$50.9 million. Management has an actual plan for twenty-three percent of the fund balances \$31.1 million which are reported as unreserved, designated. This is primarily for capital projects. The remainder of the fund balances are available for spending except amounts reserved for inventories and endowments and assets held for sale.

The General Fund is the City's operating fund which provides most basic services. Its fund balance had an increase of \$2.3 million from the prior year. Revenues were up for the year, increasing by \$9.1 million. The major revenue sources are property taxes, sales taxes, and charges for services.

- Sales tax collections increased \$5.8 million over 2004. Retail sales were up for the year.
- Charges for services increased \$1.3 million in 2005. The increase in charges for services was primarily in landfill and emergency medical fees.
- Total expenditures of the General Fund increased \$2.1 million from the prior year due to a general increase across the board for wages and operating expenses.

The Debt Service Fund has a total fund balance of \$40.2 million which is reserved for payment of principal and interest on debt outstanding. The fund balance for 2005 decreased by \$4.4 million during the year. The decrease can be attributed to a reduction in funding by the Riverfront Development Fund for payment of the new Convention Center.

Proprietary funds. Net assets for the Municipal and Regional Airports increased \$2.9 million primarily as a result of capital contributions from the FAA for the noise abatement program. Property surrounding the Regional Airport was purchased in connection with the noise abatement program. Water and Sewerage's net assets increased by \$12.0 million compared to \$4.2 million in 2004. Revenues were up \$10.4 million due to rate increases to primarily meet the budget increases for larger debt service payments on funds borrowed for system improvements.

General Fund Budgetary Highlights

During the year, the City Council revised the City's budget several times. After the first quarter, amendments and supplemental appropriations were approved to reflect the actual beginning fund balances estimated during the budget process which must be submitted by October 1 for the next year. Additional changes were made as new information indicated a need. The major differences between the original budget and the final budget were overall revenues were revised up \$7.2 million while expenditures were increased by \$6.5 million. The increase in expenditures was mostly for pension, contractual services, and materials and supplies. During the year, revenues exceeded the revised budget by \$3.1 million while expenditures exceeded the revised budget by \$2.2 million.

Overruns in appropriations at the legal level of budgetary controls were experienced by:

- **Office of Mayor**

- Improvements and equipment exceeded the budget by \$125 due to increased computer software purchases.

- **Finance**

- Contractual services exceeded the budget by \$2,758 due to software maintenance agreements.

- **Other unclassified**

- Personal services exceeded the budget by \$144,962 due to increases in professional training.
 - Interest and civic appropriations exceeded the budget by \$220,203 due to lower than anticipated operating funds. No amounts were budgeted for interest expense.
 - Claims exceeded the budget by \$3,238,015 primarily due to an increase in workers compensation claims.

- **Police**

- Materials and supplies exceeded the budget by \$1,624 due to an increase in medical and safety supplies.

- **Public Works**

- Contractual services exceeded the budget \$929,860 due to increased landfill usage and an increase in utility costs.

- **Culture and recreation**

- Contractual services exceeded the budget by \$130,310 due to increased utility costs.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets as of December 31, 2005 for its governmental and business-type activities was \$1.2 billion net of depreciation as reflected in the following schedule.

Capital Assets
(net of depreciation in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land	\$ 95.3	\$ 86.2	\$ 32.2	\$ 28.4	\$ 127.5	\$ 114.6
Construction in progress	120.9	137.4	133.7	111.6	254.6	249.0
Buildings	122.5	119.1	42.2	40.1	164.7	159.2
Improvement other than buildings	36.9	29.8	26.9	19.1	63.8	48.9
Equipment	23.3	23.0	11.4	9.2	34.7	32.2
Distribution and collection systems	-	-	235.8	244.3	235.8	244.3
Infrastructure	<u>322.2</u>	<u>265.7</u>	<u>-</u>	<u>-</u>	<u>322.2</u>	<u>265.7</u>
Total	<u>\$721.1</u>	<u>\$661.2</u>	<u>\$482.2</u>	<u>\$452.7</u>	<u>\$1,203.3</u>	<u>\$1,013.9</u>

Major additions to capital assets during the current fiscal year included the following (in millions):

Airport PART 150 property acquisition program paid for with Federal Aviation Authority grants and State grants	\$3.0
Airport improvements for the Continental Airline Facility Hangar paid for with Continental Airline funds, Airport Authority revenues, and State grants	2.6
Airport west parallel taxiway 4/22 construction paid for with Federal Aviation Authority grants, State grants, and Airport Authority revenues	8.4
Cockrell Park Community Center funded with General Obligation Bonds	2.9
Shreve Industrial Park Roadway funded with General Obligation Bonds, State grant, Riverfront Development funds, and EDA grant	7.6
Ockley Ditch improvements funded with General Obligation Bonds, and State grant	11.1
Lakeshore Drive extension widening funded with General Obligation Bonds, and Urban Arterial grant	7.4
Downtown Gateway improvements funded with General Obligation Bonds, and Downtown Development funds	3.4
Inner Loop Extension funded with General Obligation Bonds	3.7
Multicultural Center Facility funded with General Obligation Bonds and Riverfront Development funds	3.3
Energy improvements of City facilities funded with certificate of indebtedness	<u>5.1</u>
	<u>\$58.5</u>

Current amounts committed call for spending an additional \$5.5 million on the Convention Center and \$29.1 million on the Convention Center Hotel. The water and sewer system plans to spend an additional \$13.6 million on the Amiss Water and the Lucas Wastewater Treatment Plants. Resources on hand from bond proceeds will be used to fund these projects.

Detailed information on the City's capital assets can be found in Note III E on pages 70-75 of the report.

Long-term debt. At year end, the City had \$649 million in bonds and other lending agreements, including \$7.2 million in Section 108 Housing and Urban Development guaranteed loans as shown in the following table.

**Outstanding Debt
General Obligation and Revenue Bonds
and Other Lending Agreements
(in millions)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
General obligation bonds	\$263.5	\$285.3	\$ -	\$.2	\$263.5	\$285.5
Revenue bonds	-	-	252.7	177.4	252.7	177.4
Other lending agreements	<u>89.3</u>	<u>95.9</u>	<u>43.5</u>	<u>.2</u>	<u>132.8</u>	<u>96.1</u>
Total	<u>\$352.8</u>	<u>\$381.2</u>	<u>\$296.2</u>	<u>\$177.8</u>	<u>\$649.0</u>	<u>\$559.0</u>

New debt was added during the fiscal year. In governmental activities, \$80.5 million in refunding bonds were issued to take advantage of lower interest rates. In business activities, new debt of \$128.8 million was issued. New debt of \$87.8 million was issued for improvements to the water and sewer systems and \$41 million of new debt was for construction of the Convention Center Hotel.

State statutes limit the amount of government obligation debt a municipality may issue at a maximum of 10% of the assessed valuation for any purpose. The maximum may be exceeded if the aggregate issued for all purposes does not exceed 35% of the total assessed valuation. The City's outstanding general obligation debt is below the state limit. Approximately \$137 million of additional general obligation bonded debt is available for issuance.

Detailed information on the City's long-term debt can be found in Note III H on pages 77-95 of the report.

Economic Factors and Next Year's Budgets and Rates

As always, the economy had to be taken into consideration under developing next year's budget. The local economy appears to be healthy. Retail sales are strong and are projected to increase 1.9% in 2006. Unemployment is expected to remain relatively unchanged for 2006. Employment in services and in the retail sector is the areas where most jobs are located. Casino boardings in 2005 showed increased competition in the local market and from a nearby state.

In setting the budgets for 2006, the City dealt with several key issues. Among the issues was a need to provide some level of pay increase for all employees, including police officers and firefighters. Another issue considered was the continued reduction in the amount of revenue the City receives from the riverboat casinos. As stated earlier, other gaming markets continue to

affect business at the venues within the City. To continue to improve the quality and condition of the equipment operated by the City department, for 2006, the City needed to deal with purchasing new equipment. The budget included a \$6.42 million equipment financing package to be paid for over five years. The Golf Fund's 2006 budget includes \$90,000 from various fee increases adopted by the City Council at the end of 2005. A rate increase of 4% for water and sewer charges will be reflected in next year's budget. The increase will be effective as of January 1, 2006. Overall, there are no major new programs contemplated in the 2006 budget.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Shreveport, 505 Travis Street, Suite 670, Shreveport, LA 71101.



CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 38,137,367	\$ 2,908,977	\$ 41,046,344	\$ 6,342,683
Investments	84,038,475	4,404,416	88,442,891	1,537,638
Receivable, net	57,335,134	10,013,338	67,348,472	1,062,075
Due from primary government	-	-	-	60,802
Internal balances	1,802,257	(1,802,257)	-	-
Inventories	1,204,062	1,346,266	2,550,328	-
Prepaid items	394,454	161,209	555,663	13,676
Mortgage and notes receivable	13,152,023	-	13,152,023	15,007,330
Other assets	3,809,642	5,698,460	9,508,102	548,208
Restricted assets:				
Cash and cash equivalents	-	9,170,070	9,170,070	-
Investments	-	116,763,200	116,763,200	2,080,082
Interest receivable	-	405,153	405,153	-
Capital assets:				
Land and construction in progress	216,209,298	165,938,808	382,148,106	1,003,514
Other capital assets, net of depreciation	504,933,854	316,260,565	821,194,419	1,937,753
Total assets	<u>921,016,566</u>	<u>631,268,205</u>	<u>1,552,284,771</u>	<u>29,593,761</u>
LIABILITIES				
Accounts payable	15,079,052	3,503,216	18,582,268	214,470
Accrued liabilities	91,921	4,929,977	5,021,898	4,712
Accrued interest payable	3,382,081	580,186	3,962,267	122,821
Due to component unit	26,139	34,663	60,802	-
Due to other governments	503,031	-	503,031	50,450
Deferred revenue	9,878,118	96,276	9,974,394	-
Deposits and deferred charges	527,432	519,788	1,047,220	-
Non-current liabilities:				
Due within one year	38,297,606	13,746,359	52,043,965	1,261,765
Due in more than one year	337,178,001	283,413,436	620,591,437	16,603,123
Total liabilities	<u>404,963,381</u>	<u>306,823,901</u>	<u>711,787,282</u>	<u>18,257,341</u>
NET ASSETS				
Invested in capital assets, net of related debt	483,359,022	313,801,300	797,160,322	2,683,768
Restricted for:				
Debt service	38,980,605	5,257,124	44,237,729	2,229,048
Community development	1,439,818	-	1,439,818	-
Other purposes	2,758,920	-	2,758,920	1,316,489
Unrestricted (deficit)	(10,485,180)	5,385,880	(5,099,300)	5,107,115
Total net assets	<u>\$ 516,053,185</u>	<u>\$ 324,444,304</u>	<u>\$ 840,497,489</u>	<u>\$ 11,336,420</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

			Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs	Expenses	Charges for Services		
Primary Government:				
Governmental Activities:				
General government	\$ 31,642,982	\$ -	\$ -	\$ -
Public safety	83,788,205	8,434,247	7,624,057	-
Public works	41,698,053	12,738,976	666,426	27,165,717
Culture and recreation	15,773,260	620,494	-	-
Health and welfare	389,502	-	276,847	-
Community development	3,669,884	331,837	2,272,856	-
Economic development	6,151,081	-	37,188	-
Economic opportunity	5,075,413	-	4,984,820	-
Interest on long-term debt	15,152,212	-	-	-
Total governmental activities	203,340,592	22,125,554	15,862,194	27,165,717
Business-type activities				
Municipal and Regional Airports	10,698,537	7,555,898	171,243	5,495,655
Water and Sewerage	44,707,461	56,108,108	(1,731)	41,490
Convention Center Hotel	485,540	-	-	1,466,192
Shreveport Area Transit System	10,581,217	2,050,464	2,581,248	2,041,080
Golf	1,572,192	1,383,371	-	-
Downtown Parking	417,800	551,857	-	-
Total business-type activities	68,462,747	67,649,698	2,750,760	9,044,417
Total primary government	\$ 271,803,339	\$ 89,775,252	\$ 18,612,954	\$ 36,210,134
Component units:				
Shreveport Home Mortgage Authority	903,500	766,325	-	-
City Courts	2,606,170	677,312	-	-
City Marshal	1,572,753	346,767	-	-
Downtown Development Authority	2,130,938	647,637	-	-
Metropolitan Planning Commission	1,207,665	169,303	153,000	-
Total component units	\$ 8,421,026	\$ 2,607,344	\$ 153,000	\$ -
General Revenues:				
Taxes:				
Property taxes levied for general purposes				
Property taxes levied for debt service				
Sales taxes				
Franchise taxes				
Occupational licenses				
Gaming				
Grants and contributions not restricted to specific programs				
Investment earnings				
Payment from City of Shreveport				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in Net Assets				
Net assets - beginning				
Net assets - ending				

The accompanying notes are an integral part of the financial statements.

Net (Expenses) Revenue and Changes in Net Assets				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Units	
\$ (31,642,982)	\$ -	\$ (31,642,982)	\$ -	-
(67,729,901)	-	(67,729,901)	-	-
(1,126,934)	-	(1,126,934)	-	-
(15,152,766)	-	(15,152,766)	-	-
(112,655)	-	(112,655)	-	-
(1,065,191)	-	(1,065,191)	-	-
(6,113,893)	-	(6,113,893)	-	-
(90,593)	-	(90,593)	-	-
(15,152,212)	-	(15,152,212)	-	-
(138,187,127)	-	(138,187,127)	-	-
-	2,524,259	2,524,259	-	-
-	11,440,406	11,440,406	-	-
-	980,652	980,652	-	-
-	(3,908,425)	(3,908,425)	-	-
-	(188,821)	(188,821)	-	-
-	134,057	134,057	-	-
-	10,982,128	10,982,128	-	-
(138,187,127)	10,982,128	(127,204,999)	-	-
-	-	-	(137,175)	-
-	-	-	(1,928,858)	-
-	-	-	(1,225,986)	-
-	-	-	(1,483,301)	-
-	-	-	(885,362)	-
-	-	-	(5,660,682)	-
21,136,115	-	21,136,115	797,402	-
30,362,050	-	30,362,050	-	-
93,713,711	-	93,713,711	-	-
7,648,385	-	7,648,385	-	-
6,233,140	-	6,233,140	-	-
11,617,496	-	11,617,496	-	-
3,246,134	-	3,246,134	-	-
4,289,082	2,764,454	7,053,536	359,095	-
-	-	-	4,368,611	-
4,495,820	-	4,495,820	65,844	-
(3,906,539)	3,906,539	-	-	-
178,835,394	6,670,993	185,506,387	5,590,952	-
40,648,267	17,653,121	58,301,388	(69,730)	-
475,404,918	306,791,183	782,196,101	11,406,150	-
\$ 516,053,185	\$ 324,444,304	\$ 840,497,489	\$ 11,336,420	-

CITY OF SHREVEPORT, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	General	Community Development	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,257,853	\$ 200	\$ 11,666,841	\$ 13,728,892	\$ 27,653,786
Investments	4,165,685	-	21,519,508	51,746,663	77,431,856
Property taxes receivable, net	5,917,086	-	8,747,736	-	14,664,822
Franchise taxes receivable	2,001,107	-	-	-	2,001,107
Accounts receivable, net	3,331,703	426,262	88,816	1,115,942	4,962,723
Due from other governments	11,840,124	6,505,538	339,785	3,510,721	22,196,168
Due from other funds	-	200,554	-	20,867,320	21,067,874
Inventories, at cost	956,529	-	-	-	956,529
Notes receivable, net	-	13,152,023	-	-	13,152,023
Assets held for resale	-	15,523	-	121,430	136,953
Total assets	\$ 30,470,087	\$ 20,300,100	\$ 42,362,686	\$ 91,090,968	\$ 184,223,841
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 3,563,548	\$ 105,706	\$ -	\$ 11,155,036	\$ 14,824,290
Accrued liabilities	91,921	-	-	-	91,921
Due to other governments	275,353	227,678	-	-	503,031
Due to other funds	6,715,029	1,699,347	-	4,733,988	13,148,364
Due to component unit	26,139	-	-	-	26,139
Deferred revenue	1,794,066	9,507,733	2,123,669	12,866	13,438,334
Deposits and deferred charges	527,432	-	-	-	527,432
Notes payable	-	7,170,000	-	-	7,170,000
Total liabilities	12,993,488	18,710,464	2,123,669	15,901,890	49,729,511
Fund balance:					
Reserved for:					
Debt service	-	-	40,239,017	-	40,239,017
Encumbrances	2,689,547	1,907,484	-	46,314,592	50,911,623
Assets held for resale	-	15,523	-	121,430	136,953
Inventories	956,529	-	-	-	956,529
Endowments	14,719	-	-	-	14,719
Unreserved, designated for:					
Landfill closure	2,306,388	-	-	-	2,306,388
Unreserved, undesignated	11,509,416	(333,371)	-	-	11,176,045
Unreserved, designated reported in nonmajor:					
Special revenue funds	-	-	-	2,617,704	2,617,704
Capital project funds	-	-	-	26,185,480	26,185,480
Unreserved, undesignated reported in nonmajor:					
Special revenue funds	-	-	-	(50,128)	(50,128)
Total fund balance	17,476,599	1,589,636	40,239,017	75,189,078	134,494,330
Total liabilities and fund balance	\$ 30,470,087	\$ 20,300,100	\$ 42,362,686	\$ 91,090,968	\$ 184,223,841

CITY OF SHREVEPORT, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005

Fund balances - total governmental funds \$ 134,494,330

Amounts reported for governmental activities in the statement of
net assets are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the governmental
funds.

Governmental capital assets	952,786,353	
Less accumulated depreciation	<u>(232,248,120)</u>	720,538,233

Other assets used in governmental activities that are not financial resources
and therefore are not reported in the governmental funds

Bond issuance costs	3,544,912	
Less amortization	<u>(448,224)</u>	3,096,688

Net pension assets represent the excess cumulative contributions to
pension plans and are not considered as financial resources for
governmental funds

Policemen's pension and relief fund		576,001
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Some of the City's property taxes will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the governmental funds.		3,560,216
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Long-term liabilities including bonds payable are not due and payable
in the current period and therefore are not reported in the governmental
funds. Long-term liabilities at year-end consist of:

Bonds, notes, and loans payable	(347,146,584)	
Unamortized bond discount	2,333,210	
Unamortized certificate of indebtedness discount	50,602	
Deferred charge on refunding	7,892,389	
Unamortized bond premium	(8,705,307)	
Accrued interest payable	(3,382,081)	
Net pension obligations	(4,453,917)	
Landfill postclosure care	(2,306,388)	
Compensated absences	<u>(1,959,169)</u>	(357,677,245)

Internal service funds are used by management to charge the costs
of certain activities to individual funds. The assets and liabilities of the
internal service funds are reported with governmental activities.

11,464,962

Net assets of governmental activities.

\$ 516,053,185

The accompanying notes are an integral part of the financial statements.

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	General	Community Development	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 21,348,759	\$ -	\$ 30,678,607	\$ -	\$ 52,027,366
Sales	93,713,711	-	-	-	93,713,711
Franchise	7,648,385	-	-	-	7,648,385
Licenses and permits	8,211,268	-	-	-	8,211,268
Intergovernmental	8,072,192	7,476,310	1,638,758	9,085,196	26,272,456
Charges for services	20,303,908	331,837	-	-	20,635,745
Fines and forfeitures	3,231,362	-	-	-	3,231,362
Gaming	-	-	-	11,617,496	11,617,496
Investment earnings	87,025	58,213	871,738	2,921,935	3,938,911
Miscellaneous	549,583	1,258,287	25,679	2,662,271	4,495,820
Total revenues	163,166,193	9,124,647	33,214,782	26,286,898	231,792,520
EXPENDITURES					
Current:					
General government	29,962,755	2,378,492	-	51,968	32,393,215
Public safety	83,246,902	-	-	1,507,652	84,754,554
Public works	30,502,540	-	-	-	30,502,540
Culture and recreation	12,306,345	47,457	-	64,194	12,417,996
Health and welfare	-	389,502	-	-	389,502
Community development	-	3,444,802	-	-	3,444,802
Economic development	-	1,219,727	-	4,931,354	6,151,081
Economic opportunity	-	5,075,413	-	-	5,075,413
Debt service:					
Principal	-	-	29,908,186	-	29,908,186
Interest and other charges	-	-	14,013,453	-	14,013,453
Bond issuance costs	-	-	1,406,088	31,623	1,437,711
Advance refunding escrow	-	-	1,146,953	-	1,146,953
Capital outlay	-	-	-	57,465,679	57,465,679
Total expenditures	156,018,542	12,555,393	46,474,680	64,052,470	279,101,085
Excess (deficiency) of revenues over (under) expenditures	7,147,651	(3,430,746)	(13,259,898)	(37,765,572)	(47,308,565)
OTHER FINANCING SOURCES (USES)					
Transfers in	7,445,638	2,977,369	7,412,280	14,063,055	31,898,342
Transfers out	(14,266,265)	(924)	-	(21,059,696)	(35,326,885)
Refunding bonds issued	-	-	80,191,901	323,099	80,515,000
Premium on bonds issued	-	-	7,702,353	-	7,702,353
Capital leases	1,973,508	-	-	-	1,973,508
Payments to refunded bond escrow agent	-	-	(86,423,980)	-	(86,423,980)
Total other financing sources and (uses)	(4,847,119)	2,976,445	8,882,554	(6,673,542)	338,338
Net change in fund balances	2,300,532	(454,301)	(4,377,344)	(44,439,114)	(46,970,227)
Fund balances-beginning	15,176,067	2,043,937	44,616,361	119,628,192	181,464,557
Fund balances-ending	\$ 17,476,599	\$ 1,589,636	\$ 40,239,017	\$ 75,189,078	\$ 134,494,330

The accompanying notes are an integral part of the financial statements.

CITY OF SHREVEPORT, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

Net change in fund balances - total governmental funds \$ (46,970,227)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	62,251,507	
Depreciation expense	<u>(20,680,005)</u>	41,571,502

Donations of capital assets increase net assets in the Statement of Activities, but do not appear in the governmental funds because they are not financial revenues.		19,938,451
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Transfer of capital assets and related debt to the Convention Center Hotel Enterprise Fund decreases net assets in the Statement of Activities, but does not appear in the governmental funds because they are not financial resources.		(9,100)
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Revenues reported in the Statement of Activities which are not reported in governmental funds because they do not provide current financial resources.

This adjustment is to recognize the net change in unavailable revenues.

Property taxes		(529,201)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of these differences in the treatment of long-term debt and related items is as follows:

Bonds issued	(80,515,000)	
Premium on bonds issued	(7,702,353)	
Capital leases	(1,973,508)	
Issuance costs	1,437,711	
Principal payments	29,908,186	
Payments to refunded bond escrow agent	<u>87,570,933</u>	28,725,969

The changes in other long-term assets and liabilities are reported in the Statement of Activities but do not affect current financial resources of governmental funds. The changes are as follows:

Employees' retirement system net obligation	(2,126,445)	
Policemen's pension and relief fund net asset	(258,356)	
Firemen's pension and relief fund net obligation	<u>(849,802)</u>	(3,234,603)

(continued)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

These expenses consist of:

Interest accreted on capital appreciation debt	(1,228,711)	
Amortization of deferred charge on refunding	(555,651)	
Amortization of certificate of indebtedness discount	(3,219)	
Amortization of bond premiums	541,033	
Decrease in accrued interest	121,810	
Amortization of issuance costs	(229,448)	
Increase in compensated absences	(66,908)	
Decrease in landfill postclosure care	236,000	(1,185,094)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net assets of the internal service funds is reported with governmental activities.

2,340,570

Change in net assets of governmental activities.

\$ 40,648,267

The accompanying notes are an integral part of the financial statements.

**CITY OF SHREVEPORT, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 115,951,700	\$ 120,786,700	\$ 122,710,855	\$ 1,924,155
Licenses and Permits	7,509,800	8,045,200	8,211,268	166,068
Intergovernmental	2,777,000	3,777,000	4,221,043	444,043
Charges for services	19,354,500	19,874,500	20,303,908	429,408
Fines and forfeitures	3,155,100	3,280,100	3,231,362	(48,738)
Investment earnings	-	-	87,025	87,025
Miscellaneous	312,800	462,800	549,583	86,783
Total revenues	<u>149,060,900</u>	<u>156,226,300</u>	<u>159,315,044</u>	<u>3,088,744</u>
EXPENDITURES				
General government:				
Office of mayor:				
Salaries, wages and employee benefits	2,199,459	2,178,459	2,101,606	76,853
Materials and supplies	35,469	36,469	35,163	1,306
Contractual services	200,142	215,142	209,996	5,146
Other charges	5,300	5,300	4,172	1,128
Improvements and equipment	<u>19,000</u>	<u>24,000</u>	<u>24,125</u>	<u>(125)</u>
Total office of mayor	<u>2,459,370</u>	<u>2,459,370</u>	<u>2,375,062</u>	<u>84,308</u>
City council:				
Salaries, wages and employee benefits	1,006,150	956,150	869,477	86,673
Materials and supplies	13,014	13,014	11,026	1,988
Contractual services	261,579	261,579	237,423	24,156
Improvements and equipment	<u>40,243</u>	<u>40,243</u>	<u>29,385</u>	<u>10,858</u>
Total city council	<u>1,320,986</u>	<u>1,270,986</u>	<u>1,147,311</u>	<u>123,675</u>
Finance:				
Salaries, wages and employee benefits	4,115,944	4,015,944	3,971,769	44,175
Materials and supplies	285,870	285,870	249,436	36,434
Contractual services	1,320,404	1,610,404	1,613,162	(2,758)
Improvements and equipment	<u>472,756</u>	<u>372,756</u>	<u>336,315</u>	<u>36,441</u>
Total finance	<u>6,194,974</u>	<u>6,284,974</u>	<u>6,170,682</u>	<u>114,292</u>
Other - unclassified:				
Salaries, wages and employee benefits	3,099,711	3,149,711	3,294,673	(144,962)
Contractual services	337,500	425,500	358,686	66,814
Interest and civic appropriations	2,012,000	2,712,000	2,932,203	(220,203)
Payments to component units	4,460,371	4,488,571	4,368,611	119,960
Claims	<u>5,836,900</u>	<u>6,336,900</u>	<u>9,574,915</u>	<u>(3,238,015)</u>
Total other - unclassified	<u>15,746,482</u>	<u>17,112,682</u>	<u>20,529,088</u>	<u>(3,416,406)</u>
Total general government	<u>25,721,812</u>	<u>27,128,012</u>	<u>30,222,143</u>	<u>(3,094,131)</u>

(continued)

(continued)

CITY OF SHREVEPORT, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Public safety:				
Police:				
Salaries, wages and employee benefits	37,770,324	36,914,324	36,519,398	394,926
Materials and supplies	1,041,622	1,350,622	1,352,246	(1,624)
Contractual services	2,044,087	2,135,087	2,116,353	18,734
Other charges	69,200	75,207	73,340	1,867
Improvements and equipment	2,266,754	2,308,754	2,308,016	738
Total police	<u>43,191,987</u>	<u>42,783,994</u>	<u>42,369,353</u>	<u>414,641</u>
Fire:				
Salaries, wages and employee benefits	35,408,997	38,960,537	38,803,328	157,209
Materials and supplies	1,081,722	1,242,915	1,226,030	16,885
Contractual services	1,570,591	1,639,563	1,558,813	80,750
Other charges	6,400	6,400	2,570	3,830
Improvements and equipment	2,622,520	2,621,377	2,600,188	21,189
Total fire	<u>40,690,230</u>	<u>44,470,792</u>	<u>44,190,929</u>	<u>279,863</u>
Total public safety	<u>83,882,217</u>	<u>87,254,786</u>	<u>86,560,282</u>	<u>694,504</u>
Public Works:				
Salaries, wages and employee benefits	12,273,472	12,013,472	11,920,379	93,093
Materials and supplies	1,866,015	2,198,015	1,935,234	262,781
Contractual services	12,644,640	13,537,640	14,467,500	(929,860)
Improvements and equipment	4,237,302	4,237,302	3,346,915	890,387
Total public works	<u>31,021,429</u>	<u>31,986,429</u>	<u>31,670,028</u>	<u>316,401</u>
Culture and recreation:				
Salaries, wages and employee benefits	7,310,855	7,220,855	7,200,441	20,414
Materials and supplies	783,074	903,074	868,993	34,081
Contractual services	2,767,086	3,435,086	3,565,396	(130,310)
Other charges	252,701	277,701	274,460	3,241
Improvements and equipment	714,397	714,397	714,397	-
Total culture and recreation	<u>11,828,113</u>	<u>12,551,113</u>	<u>12,623,687</u>	<u>(72,574)</u>
Total expenditures	<u>152,453,571</u>	<u>158,920,340</u>	<u>161,076,140</u>	<u>(2,155,800)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,392,671)</u>	<u>(2,694,040)</u>	<u>(1,761,096)</u>	<u>932,944</u>
OTHER FINANCING SOURCES (USES)				
Capital lease	2,208,500	2,208,500	1,973,508	(234,992)
Transfers in	4,575,900	7,375,900	7,445,638	69,738
Transfers out	<u>(7,576,200)</u>	<u>(8,213,300)</u>	<u>(8,047,065)</u>	<u>166,235</u>
Total other financing sources and uses	<u>(791,800)</u>	<u>1,371,100</u>	<u>1,372,081</u>	<u>981</u>

(continued)

(continued)

CITY OF SHREVEPORT, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Net change in fund balance	(4,184,471)	(1,322,940)	(389,015)	933,925
Fund balances -beginning	<u>15,176,067</u>	<u>13,176,067</u>	<u>15,176,067</u>	<u>-</u>
Fund balances-ending	<u>\$ 10,991,596</u>	<u>\$ 13,853,127</u>	<u>\$ 14,787,052</u>	<u>\$ 933,925</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SHREVEPORT, LOUISIANA
COMMUNITY DEVELOPMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 19,684,900	\$ 21,671,600	\$ 7,476,310	\$ (14,195,290)
Charges for services	190,000	190,000	331,837	141,837
Miscellaneous	2,002,300	2,876,800	1,316,500	(1,560,300)
Total revenues	21,877,200	24,738,400	9,124,647	(15,613,753)
EXPENDITURES				
Administration:				
Salaries, wages and employee benefits	584,700	574,700	537,312	37,388
Materials and supplies	8,400	12,000	10,793	1,207
Contractual services	148,712	111,112	113,460	(2,348)
Improvements and equipment	2,280	2,280	2,280	-
Total administration	744,092	700,092	663,845	36,247
Community development projects:				
Grants	677,575	855,475	706,177	149,298
Total community development projects	677,575	855,475	706,177	149,298
Housing and business development:				
Materials and supplies	17,000	17,000	16,564	436
Contractual services	4,000	4,000	122,410	(118,410)
Other charges	12,696,297	13,592,797	3,339,510	10,253,287
Improvements and equipment	468,159	468,159	529,160	(61,001)
Total housing and business development	13,185,456	14,081,956	4,007,644	10,074,312
Housing and business development administration:				
Salaries, wages and employee benefits	517,300	517,300	525,387	(8,087)
Materials and supplies	15,680	14,680	14,687	(7)
Contractual services	206,190	199,589	185,347	14,242
Other charges	600	1,200	33	1,167
Improvements and equipment	5,700	2,500	3,576	(1,076)
Total housing and business development administration	745,470	735,269	729,030	6,239
Workforce development:				
Salaries, wages and employee benefits	2,058,500	4,265,000	2,331,364	1,933,636
Materials and supplies	61,147	91,147	24,931	66,216
Contractual services	5,246,485	4,605,286	2,706,576	1,898,710
Other charges	184,300	228,300	230,141	(1,841)
Improvements and equipment	102,545	135,245	32,255	102,990
Total workforce development	7,652,977	9,324,978	5,325,267	3,999,711

(continued)

(continued)

CITY OF SHREVEPORT, LOUISIANA
COMMUNITY DEVELOPMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Workforce development administration:				
Salaries, wages and employee benefits	234,200	423,600	229,929	193,671
Materials and supplies	22,500	25,400	6,646	18,754
Contractual services	34,100	51,500	26,473	25,027
Other charges	500	1,000	-	1,000
Improvements and equipment	10,436	10,936	5,436	5,500
Total workforce development administration	301,736	512,436	268,484	243,952
Codes enforcement:				
Salaries, wages and employee benefits	823,973	823,973	770,598	53,375
Materials and supplies	110,155	114,155	110,617	3,538
Contractual services	1,032,515	997,515	955,740	41,775
Other charges	928,951	928,951	896,630	32,321
Improvements and equipment	-	31,000	28,845	2,155
Total codes enforcement	2,895,594	2,895,594	2,762,430	133,164
Total Expenditures	26,202,900	29,105,800	14,462,877	14,642,923
Deficiency of revenues under expenditures	(4,325,700)	(4,367,400)	(5,338,230)	(970,830)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,667,700	2,667,700	2,977,369	309,669
Transfers out	(300,000)	(258,300)	(924)	257,376
Total other financing sources and uses	2,367,700	2,409,400	2,976,445	567,045
Net change in fund balance	(1,958,000)	(1,958,000)	(2,361,785)	(403,785)
Fund balances - beginning	2,043,937	2,043,937	2,043,937	-
Fund balances - ending	\$ 85,937	\$ 85,937	\$ (317,848)	\$ (403,785)

The accompanying notes are an integral part of the financial statements.

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2005

	Business-type Activities				Governmental Activities
	Municipal and Regional Airports	Water and Sewerage	Convention Center Hotel	Other Enterprise Funds	Internal Service Funds
				Total	
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 1,142,175	\$ 1,081,250	\$ -	\$ 685,552	\$ 2,908,977
Investments	2,107,286	1,994,880	-	302,250	4,404,416
Receivables, net	770,850	6,750,770	-	414,248	7,935,868
Due from other funds	-	-	-	578,369	578,369
Due from other governments	1,691,411	-	62,852	323,207	2,077,470
Inventories	2,570	967,889	-	375,807	1,346,266
Prepaid items	-	-	-	161,209	161,209
Cash and cash equivalents restricted	-	3,682,941	-	-	3,682,941
Investments restricted	-	10,039,840	-	-	10,039,840
Total current assets	5,714,292	24,517,570	62,852	2,840,642	33,135,356
Noncurrent Assets:					
Restricted:					
Cash and cash equivalents	1,535,835	1,877,385	2,073,909	-	5,487,129
Investments	1,768,498	70,844,244	34,110,618	-	106,723,360
Interest receivable	6,933	373,004	25,216	-	405,153
Total restricted assets	3,311,266	73,094,633	36,209,743	-	112,615,642
Unamortized bonds costs	585,594	3,433,381	1,679,485	-	5,698,460
Capital Assets:					
Land	29,219,051	1,032,277	-	1,940,408	32,191,736
Construction in progress	3,359,537	121,451,088	8,936,447	-	133,747,072
Buildings	59,941,148	-	-	8,567,632	68,508,780
Improvements other than buildings	63,251,047	-	-	868,530	64,119,577
Equipment	6,047,733	9,242,374	-	14,693,421	29,983,528
Distribution and collection systems	-	381,598,757	-	-	381,598,757
Less accumulated depreciation	(66,299,056)	(151,086,008)	-	(10,565,013)	(227,950,077)
Total capital assets (net of accumulated depreciation)	95,519,460	362,238,488	8,936,447	15,504,978	482,199,373
Total noncurrent assets	99,416,320	438,766,502	46,825,675	15,504,978	600,513,475
Total assets	105,130,612	463,284,072	46,888,527	18,345,620	633,648,831

	Business-type Activities				Governmental Activities
	Enterprise Funds				
	Municipal and Regional Airports	Water and Sewerage	Convention Center Hotel	Other Enterprise Funds	Total
LIABILITIES					
Current Liabilities:					
Accounts payable	769,892	2,569,072	-	164,252	3,503,216
Accrued liabilities	280,687	2,890,849	1,217,641	540,800	4,929,977
Accrued interest payable	-	5,686	-	-	5,686
Due to component unit	-	-	-	34,663	34,663
Due to other funds	-	1,123,181	1,257,445	-	2,380,626
Deferred revenue	30,384	-	-	65,892	96,276
Customer deposits	16,940	502,848	-	-	519,788
Compensated absences	22,114	78,702	-	220,809	321,625
Claims and judgments	-	-	-	-	-
Leases payable	-	125,121	-	37,732	162,853
Notes payable	-	-	113,600	-	113,600
Liabilities payable from restricted assets:					
Revenue bonds and notes payable, net	-	13,148,281	-	-	13,148,281
Accrued interest payable	-	574,500	-	-	574,500
Total current liabilities	1,120,017	21,018,240	2,588,686	1,064,148	25,791,091
Noncurrent Liabilities:					
Compensated absences	137,264	404,731	-	49,451	591,446
Leases payable	-	753,505	-	164,472	917,977
Revenue bonds and notes payable, net	22,580,000	216,958,913	42,365,100	-	281,904,013
Total noncurrent liabilities	22,717,264	218,117,149	42,365,100	213,923	283,413,436
Total liabilities	23,837,281	239,135,389	44,953,786	1,278,071	309,204,527
NET ASSETS					
Invested in capital assets, net of related debt	75,294,623	221,066,958	1,934,741	15,504,978	313,801,300
Restricted for debt service	1,776,503	-	3,480,621	-	5,257,124
Unrestricted (deficit)	4,222,205	3,081,725	(3,480,621)	1,562,571	5,385,880
Total net assets	\$ 81,293,331	\$ 224,148,683	\$ 1,934,741	\$ 17,067,549	\$ 324,444,304
					\$ 11,464,962
					\$ 15,338,800
					77,782
					73,119
					-
					150,901
					15,489,701
					515,013
					10,949,949
					\$ 11,464,962

The accompanying notes are an integral part of the financial statements.

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Business-type Activities Enterprise Funds				Governmental Activities
	Municipal and Regional Airports	Water and Sewerage	Convention Center Hotel	Other Enterprise Funds	Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 7,534,857	\$ 54,930,240	\$ -	\$ 3,896,882	\$ 34,153,207
Miscellaneous	21,041	1,177,868	-	88,810	1,774,343
Total operating revenues	7,555,898	56,108,108	-	3,985,692	35,927,550
OPERATING EXPENSES					
Personal services	4,278,126	10,619,942	-	6,774,447	1,620,006
Contractual services and other expenses	1,083,030	8,858,243	-	2,335,770	3,998,538
Utilities	832,702	2,880,003	-	228,432	22,412
Repairs and maintenance	291,663	1,686,519	-	80,484	1,117,972
Materials and supplies	336,560	5,507,271	-	1,962,711	1,130,154
Claims	-	-	-	-	25,559,043
Depreciation	2,618,678	9,905,851	-	1,187,324	68,608
Total operating expenses	9,440,759	39,457,829	-	12,569,168	33,516,733
Operating income (loss)	(1,884,861)	16,650,279	-	(8,583,476)	2,410,817
NONOPERATING REVENUES					
(EXPENSES)					
Investment earnings	218,564	1,639,842	944,989	14,070	413,309
Interest expense	(1,212,056)	(4,811,353)	(438,884)	-	(14,021)
Intergovernmental	171,243	(1,731)	-	2,581,248	-
Passenger facility charges	1,287,911	-	-	-	-
Bond issuance costs	(29,082)	(427,519)	(46,656)	-	-
Net decrease in fair value of investments	(20,754)	(32,257)	-	-	-
Loss on disposal of fixed assets	(16,640)	(10,760)	-	(2,041)	(639)
Total nonoperating revenues (expenses)	399,186	(3,643,778)	459,449	2,593,277	398,649
Income (loss) before contributions and transfers	(1,485,675)	13,006,501	459,449	(5,990,199)	2,809,466
Capital contributions	4,207,744	41,490	1,475,292	2,041,080	-
Transfers in	128,300	-	-	5,696,139	-
Transfers out	-	(1,027,000)	-	(900,000)	(468,896)
Change in net assets	2,850,369	12,020,991	1,934,741	847,020	2,340,570
Total net assets-beginning	78,442,962	212,127,692	-	16,220,529	9,124,392
Total net assets-ending	\$ 81,293,331	\$ 224,148,683	\$ 1,934,741	\$ 17,067,549	\$ 11,464,962

The accompanying notes are an integral part of the financial statements.

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Business-type Activities Enterprise Funds					Governmental Activities Internal Service Funds
	Municipal and Regional Airports	Water and Sewerage	Convention Center Hotel	Other Enterprise Funds	Total	
Cash flows from operating activities:						
Receipts from operations	\$ 7,687,888	\$ 53,971,658	\$ -	\$ 3,739,765	\$ 65,399,311	\$ 29,340,365
Payments to suppliers	(2,210,023)	(15,220,338)	-	(4,547,460)	(21,977,821)	(6,642,920)
Payments to employees	(4,267,973)	(10,638,831)	-	(6,722,205)	(21,629,009)	(1,613,075)
Claims	-	-	-	-	-	(22,819,174)
Other receipts	21,041	1,177,868	-	66,849	1,265,758	-
Other payments	(206,000)	(2,942,300)	-	(84,999)	(3,233,299)	-
Net cash provided by (used in) operating activities	1,024,933	26,348,057	-	(7,548,050)	19,824,940	(1,734,804)
Cash flows from noncapital financing activities:						
Intergovernmental	-	(1,731)	-	-	(1,731)	-
Subsidy from federal grant	171,243	-	-	2,535,423	2,706,666	-
Transfers in	128,300	-	-	5,696,139	5,824,439	-
Transfers out	-	(1,027,000)	-	-	(1,027,000)	(468,896)
Interest paid on operations	-	-	-	-	-	(14,021)
Cash bond	-	479	-	-	479	-
Net cash provided by (used in) noncapital financing activities	299,543	(1,028,252)	-	8,231,562	7,502,853	(482,917)
Cash flows from capital and related financing activities:						
Proceeds from issuance of debt	-	12,795,799	39,646,889	-	52,442,688	-
Acquisition and construction of capital assets	(8,185,586)	(24,494,972)	(4,404,988)	(2,564,666)	(39,650,212)	(103,547)
Principal paid on debt	(555,000)	(12,232,976)	(12,200)	-	(12,800,176)	-
Interest paid on debt	(1,212,056)	(7,179,869)	(1,017,283)	-	(9,409,208)	-
Capitalized lease payment	-	(51,088)	-	-	(51,088)	-
Capital grants	5,045,936	-	1,403,340	2,065,739	8,515,015	-
Transfers out	-	-	-	(900,000)	(900,000)	-
Contributed capital by others	-	-	-	110,418	110,418	-
Bond issuance costs	-	(493,693)	(351,004)	-	(844,697)	-
Passenger facility charges	1,287,911	-	-	-	1,287,911	-
Net cash provided by (used in) capital and related financing activities	(3,618,795)	(31,656,799)	35,264,754	(1,288,509)	(1,299,349)	(103,547)

**Business-type Activities
Enterprise Funds**

	Municipal and Regional Airports	Water and Sewerage	Convention Center Hotel	Other Enterprise Funds	Total	Governmental Activities Internal Service Funds
Cash flows from investing activities:						
Purchase of investments	(3,536,872)	(11,100,000)	(34,110,618)	(5,959)	(48,753,449)	(1,741,910)
Proceeds from sale and maturity of investments	4,131,384	14,464,420	-	322,413	18,918,217	-
Interest on investments	185,429	1,298,278	919,773	14,069	2,417,549	402,189
Net cash provided by (used in) investing activities	779,941	4,662,698	(33,190,845)	330,523	(27,417,683)	(1,339,721)
Net increase (decrease) in cash and cash equivalents	(1,514,378)	(1,674,296)	2,073,909	(274,474)	(1,389,239)	(3,660,989)
Cash and cash equivalents, beginning of year	4,192,388	8,315,872	-	960,026	13,468,286	14,144,570
Cash and cash equivalents, end of year	<u>\$ 2,678,010</u>	<u>\$ 6,641,576</u>	<u>\$ 2,073,909</u>	<u>\$ 685,552</u>	<u>\$ 12,079,047</u>	<u>\$ 10,483,581</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	<u>\$ (1,884,861)</u>	<u>\$ 16,650,279</u>	<u>\$ -</u>	<u>\$ (8,583,476)</u>	<u>\$ 6,181,942</u>	<u>\$ 2,410,817</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	2,618,678	9,905,851	-	1,187,324	13,711,853	68,608
(Increase)Decrease in assets:						
Receivables	438,147	(905,173)	-	(47,766)	(514,792)	123,795
Due from other funds	-	-	-	(28,022)	(28,022)	(1,030,881)
Inventories	307	(114,987)	-	(55,584)	(170,264)	13,187
Prepaid items	-	-	-	4,466	4,466	356,603
Increase(Decrease) in liabilities:						
Accounts payable	166,362	253,607	-	39,650	459,619	(67,309)
Accrued liabilities	(275,496)	834,522	-	(104,077)	454,949	2,739,869
Due to other funds	(54,426)	(384,103)	-	-	(438,529)	(6,356,424)
Deferred revenue	3,320	-	-	24,496	27,816	-
Customers' deposits	2,749	53,990	-	-	56,739	-
Compensated absences	10,153	54,071	-	14,939	79,163	6,931
Total adjustments	2,909,794	9,697,778	-	1,035,426	13,642,998	(4,145,621)
Net cash provided by (used in) operating activities	<u>\$ 1,024,933</u>	<u>\$ 26,348,057</u>	<u>\$ -</u>	<u>\$ (7,548,050)</u>	<u>\$ 19,824,940</u>	<u>\$ (1,734,804)</u>

Non-cash investing, capital and financing activities:

The Municipal and Regional Airports had a decrease in fair value of investments of \$20,754 and a loss on disposal of capital assets of \$16,640.

The Water and Sewerage Fund entered into a loan agreement for \$75,000,000 and the net proceeds were transferred directly into an investment agreement. Deducted from the proceeds were \$1,185,299 for issuance costs. The fund also had a decrease in fair value of investments of \$32,257, a loss on disposal of capital assets of \$10,760, and the acquisition of capital assets of \$1,022,888 through a capital lease with no down payment.

The Convention Center Hotel Fund had issuance costs of \$1,375,137 deducted from loan proceeds.

The Golf Fund, a non-major enterprise fund, had a loss on disposal of capital assets of \$2,041.

The Retained Risk Fund, an internal service fund, had a loss on disposal of capital assets of \$639.

The accompanying notes are an integral part of the financial statements.

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2005

ASSETS	Employee Retirement Funds
Cash and cash equivalents	\$ 17,845,013
Receivables:	
Interest receivable	556,409
Accounts receivable	22,387
Due from other funds	205,339
Prepaid items	589,846
Investments, at fair value:	
U.S. government obligations	23,412,212
Mutual funds	5,653,303
Domestic corporate bonds	41,815,416
Collateralized mortgage obligations	6,306,459
Domestic equities	92,975,776
International equities	18,249,301
Total investments	<u>188,412,467</u>
Other assets:	
Cash surrender value of life insurance policies	<u>8,260,233</u>
Total assets	<u>215,891,694</u>
 LIABILITIES	
Accounts payable	56,770
Due to other funds	11,746,705
Employees' deposits held in escrow	<u>2,529,590</u>
Total liabilities	<u>14,333,065</u>
 NET ASSETS	
Held in trust for pension benefits	<u>\$ 201,558,629</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Employee Retirement Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 6,244,905
Plan members	<u>2,367,900</u>
Total contributions	<u>8,612,805</u>
Investment earnings:	
Net appreciation in fair value of investments	3,736,106
Interest	3,628,531
Dividends	<u>2,502,689</u>
Total investment earnings	9,867,326
Less investment expense	<u>1,059,860</u>
Net investment income	8,807,466
Miscellaneous	<u>777,378</u>
Total additions	<u>18,197,649</u>
DEDUCTIONS	
Pensions	14,114,174
Refund of member contribution	837,283
Administrative expenses	256,887
Life insurance	<u>558,462</u>
Total deductions	<u>15,766,806</u>
Change in net assets	2,430,843
Net assets - beginning	<u>199,127,786</u>
Net assets - ending	<u>\$ 201,558,629</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF NET ASSETS
COMPONENT UNITS
DECEMBER 31, 2005

	Shreveport Home Mortgage Authority	City Courts	City Marshal	Downtown Development Authority	Metropolitan Planning Commission	Total
ASSETS						
Cash and cash equivalents	\$ 1,839,920	\$ 2,935,437	\$ 1,425,644	\$ 127,222	\$ 14,460	\$ 6,342,683
Investments	787,322	597,738	-	152,578	-	1,537,638
Receivables, net	67,164	2,104	-	954,557	-	1,023,825
Due from other governments	-	-	-	-	38,250	38,250
Due from primary government	-	-	-	60,802	-	60,802
Prepaid items	-	-	-	13,676	-	13,676
Mortgage and notes receivable	15,007,330	-	-	-	-	15,007,330
Other assets	499,454	-	-	48,754	-	548,208
Restricted assets:						
Investments	-	-	-	2,080,082	-	2,080,082
Capital assets:						
Land	-	-	-	299,000	704,514	1,003,514
Other capital assets, net of depreciation	-	419,582	327,184	1,013,925	177,062	1,937,753
Total assets	<u>18,201,190</u>	<u>3,954,861</u>	<u>1,752,828</u>	<u>4,750,596</u>	<u>934,286</u>	<u>29,593,761</u>
LIABILITIES						
Accounts payable	30,493	7,121	126,757	47,839	2,260	214,470
Accrued liabilities	-	-	-	4,712	-	4,712
Accrued interest payable	122,821	-	-	-	-	122,821
Due to other governments	-	-	-	-	50,450	50,450
Noncurrent liabilities:						
Due within one year	1,096,765	-	-	165,000	-	1,261,765
Due in more than one year	13,660,623	-	-	2,942,500	-	16,603,123
Total liabilities	<u>14,910,702</u>	<u>7,121</u>	<u>126,757</u>	<u>3,160,051</u>	<u>52,710</u>	<u>18,257,341</u>
NET ASSETS						
Invested in capital assets, net of related debt	-	419,582	327,184	1,055,426	881,576	2,683,768
Restricted for:						
Debt service	2,229,048	-	-	-	-	2,229,048
Other purposes	-	1,272,047	-	44,442	-	1,316,489
Unrestricted	1,061,440	2,256,111	1,298,887	490,677	-	5,107,115
Total net assets	<u>\$ 3,290,488</u>	<u>\$ 3,947,740</u>	<u>\$ 1,626,071</u>	<u>\$ 1,590,545</u>	<u>\$ 881,576</u>	<u>\$ 11,336,420</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Shreveport Home Mortgage Authority			
Mortgage operations	\$ <u>903,500</u>	\$ <u>766,325</u>	\$ <u>-</u>
City Courts			
Judicial	<u>2,606,170</u>	<u>677,312</u>	<u>-</u>
City Marshal			
Judicial	<u>1,572,753</u>	<u>346,767</u>	<u>-</u>
Downtown Development Authority			
Downtown development	1,353,053	11,500	-
Streetscape program	261,831	217,737	-
Parking program	404,157	418,400	-
Interest on long-term debt	<u>111,897</u>	<u>-</u>	<u>-</u>
Total Downtown Development Authority	<u>2,130,938</u>	<u>647,637</u>	<u>-</u>
Metropolitan Planning Commission			
Planning and zoning	<u>1,207,665</u>	<u>169,303</u>	<u>153,000</u>
	\$ <u>8,421,026</u>	\$ <u>2,607,344</u>	\$ <u>153,000</u>

General Revenues:

Property taxes levied for general purposes
Investment earnings
Payment from City of Shreveport
Miscellaneous
Total general revenues
Change in Net Assets
Net assets - beginning
Net assets - ending

The accompanying notes are an integral part of the financial statements.

Net(Expenses) Revenues and
Changes in Net Assets

<u>Shreveport Home Mortgage Authority</u>	<u>City Courts</u>	<u>City Marshal</u>	<u>Downtown Development Authority</u>	<u>Metropolitan Planning Commission</u>	<u>Total</u>
\$ <u>(137,175)</u>	\$	\$	\$	\$	\$ (137,175)
	<u>(1,928,858)</u>				(1,928,858)
		<u>(1,225,986)</u>			(1,225,986)
			(1,341,553)		(1,341,553)
			(44,094)		(44,094)
			14,243		14,243
			<u>(111,897)</u>		(111,897)
				<u>(885,362)</u>	<u>(885,362)</u>
<u>(137,175)</u>	<u>(1,928,858)</u>	<u>(1,225,986)</u>	<u>(1,483,301)</u>	<u>(885,362)</u>	<u>(5,660,682)</u>
-	-	-	797,402	-	797,402
125,035	102,556	35,031	96,473	-	359,095
-	2,331,384	1,206,639	-	830,588	4,368,611
25,130	-	10,115	30,599	-	65,844
<u>150,165</u>	<u>2,433,940</u>	<u>1,251,785</u>	<u>924,474</u>	<u>830,588</u>	<u>5,590,952</u>
12,990	505,082	25,799	(558,827)	(54,774)	(69,730)
3,277,498	3,442,658	1,600,272	2,149,372	936,350	11,406,150
\$ <u>3,290,488</u>	\$ <u>3,947,740</u>	\$ <u>1,626,071</u>	\$ <u>1,590,545</u>	\$ <u>881,576</u>	\$ <u>11,336,420</u>





**CITY OF SHREVEPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

I. Summary of Significant Accounting Policies

The accounting policies of the City of Shreveport conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. The Financial Reporting Entity

The City of Shreveport (the "City") was incorporated in 1839, under the provisions of Louisiana R.S. 33:1. In May of 1978, the present City Charter was adopted which established a mayor-council form of government. The City provides a full range of municipal services as authorized by the charter. These include police and fire protection, emergency medical services, public works (streets and waste collection), public improvements, water and sewer services, parks and recreation, planning and zoning, public transportation, social, cultural and general administrative services.

The basic criterion for determining whether another governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization, or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity.

The financial statements present the City of Shreveport (the primary government) and its component units. The operations of the Shreveport Municipal and Regional Airports and the Shreveport Area Transit System are included as a part of the primary government. The discrete component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. There are no blended component units in the City.

Discretely Presented Component Units

The component units' columns in the government-wide financial statements include the financial data of the City's component units. They are reported in a separate column to emphasize that they are legally separate from the City.

City Courts

The City Courts have jurisdiction over all violations of City ordinances and state misdemeanor cases. The Courts were created by special legislative act. Their jurisdiction includes the incorporated area of the City of Shreveport plus the fourth ward of Caddo Parish. City judges are elected and cannot be removed by City officials. The City Courts are fiscally dependent on the City of Shreveport. The City has the ability to modify or approve their budget which comes from the General Fund. There are certain funds collected by the City Courts, pursuant to state statute, which are under the control of the courts. The City Courts serve the citizenry of the City of Shreveport plus Ward Four of Caddo Parish.

City Marshal

The City Marshal is the executive officer of the City Courts. The Marshal has the power of a sheriff in the execution of the courts' orders and mandates in making requests and preserving the peace. The City Marshal is an elected official. The City Marshal is fiscally dependent on the City

of Shreveport. The City has the ability to modify or approve the budget which comes from the General Fund. Certain funds are collected such as court costs, pursuant to state statute, which are under the control of the City Marshal. The City Marshal serves the citizenry of the City of Shreveport plus Ward Four of Caddo Parish.

Downtown Development Authority

The Downtown Development Authority was established by an ordinance of the City of Shreveport to provide for the revitalization of downtown Shreveport. Its purpose is to coordinate the efforts of the public and private sectors for the economic and overall development of the Downtown Development District. The Downtown Development District is a special taxing district within the City of Shreveport created by an act of the State legislature. The City Council appoints the seven voting members of the Authority. The Authority must submit to the City Council its proposals, programs and recommendations for the levy of special ad valorem taxes. The City has the ability to modify or approve the budget of the Authority and its plan of work. The Authority's governing body is not substantively the same as the City's. The Authority provides services for a limited area of the City of Shreveport, which consists basically of the downtown area.

Metropolitan Planning Commission

The Metropolitan Planning Commission is responsible for the orderly, physical development of the City of Shreveport and the surrounding planning area. The Commission makes recommendations to the City Council and the Parish Commission. The Metropolitan Planning Commission consists of nine members with four appointed by both the City of Shreveport and the Caddo Parish Commission and one member elected by joint action of the governing authorities. Although the Commission is legally separate, the City acts as its fiscal agent and has the authority to modify and approve its budget. The Metropolitan Planning Commission is fiscally dependent on the City. The Metropolitan Planning Commission serves the citizenry of the City of Shreveport.

Shreveport Home Mortgage Authority

The Shreveport Home Mortgage Authority is a public trust, created by state statute, with the City of Shreveport as beneficiary. The Authority is authorized to undertake various programs to assist in the financing of housing for persons of low to moderate income in the City of Shreveport. There are five trustees that are appointed by the City Council for terms of five years. Per the terms of the trust indenture, the City has no power to transact business for the trustees nor to control or direct the actions of the trustees. The City is entitled solely to the benefits of the trust, and at the termination of the trust it shall receive the residual assets of the trust. The City cannot access the organization's funds at will, although there is some ability to access them at the discretion of the Authority. The City is financially accountable since it appoints all of the governing body and there is a potential for Shreveport Home Mortgage Authority to provide specific financial benefits to the City. The Shreveport Home Mortgage Authority serves the citizenry of the City of Shreveport.

Shreveport Convention Center Hotel Authority

The Shreveport Convention Center Hotel Authority is a public trust, created by state statute, with the City of Shreveport as beneficiary. The Authority is authorized to oversee the development and operation of the Shreveport Convention Center Hotel for the purpose of furthering economic development. There are five appointed trustees. The trustees are the Mayor, Chief Administrative Officer, City Council President, City Council Vice-President, and a citizen chosen at the discretion of the Mayor and approved by the City Council. The term of the Trustees shall be for as long as they hold the office enumerated, and the term of the citizen shall run concurrently with the mayoral term. Per the terms of the trust indenture, the City has no power to

transact business for the trustees nor to control or direct the actions of the trustees. The City cannot access the Authority's resources but is the beneficiary of the residual assets of the termination of the trust. The City may provide financial support in the form of interim financing or guarantor of the Authority's debt. The boards are not substantively the same as the City. The Authority serves the citizenry of the City of Shreveport. The trust was created in 2002 but has had no reportable transaction through the year ended December 31, 2005.

The Metropolitan Planning Commission does not issue separate financial statements. The government-wide financial statements are presented within the basic financial statements. The fund financial statements are included as supplementary information within the section entitled Discretely Presented Component Unit. Complete financial statements of the other individual component units may be obtained from their respective administrative offices.

Administrative Offices:

City Courts
1244 Texas Avenue
Shreveport, Louisiana 71101

Shreveport Home Mortgage Authority
1400 Youree Drive
Shreveport, Louisiana 71101

City Marshal
1244 Texas Avenue
Shreveport, Louisiana 71101

Downtown Development Authority
400 Edwards Street
Shreveport, Louisiana 71101

Related Organization

Shreveport Housing Authority

The Authority was created by State statute and it is legally separate from the City. The Mayor appoints the five commissioners; however, the City cannot impose its will on the Authority since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the commissioners. The Authority is fiscally independent and no financial benefit or burden relationship exists with the City. Therefore, it is not included in the City's financial statements.

Jointly Governed Organization

Caddo-Shreveport Sales and Use Tax Commission

The Commission is an independent agency which collects sales taxes. It is legally separate from the City. The Commission is a jointly governed organization. The City does not retain an ongoing financial interest or responsibility in its operations. It is not included in the City's financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function of governmental activities and different business-type activities are offset by program revenues. Direct

expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) fees, fines, and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For property taxes, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. For revenues other than property taxes, the City considers them to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items except landfill fees are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Community Development Fund is responsible for programs to increase housing opportunities, assist in the creation of employment, develop business expansion and regulate codes enforcement.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The City reports the following major proprietary funds:

The Water and Sewerage Fund accounts for the activities involved in operating the sewerage treatment plant, sewerage pumping stations and collection systems, and the water distribution system.

The Municipal and Regional Airports Fund accounts for the activities involved in operating the City's two airports.

The Convention Center Hotel Fund accounts for the activities involved in the construction and operations of the hotel.

Additionally, the City reports the following fund types:

Internal Service Funds account for health care, risk management, and fleet management services provided to other departments on a cost reimbursement basis.

The Fiduciary Funds account for the activities of the Firemen's Pension and Relief Fund, the Policemen's Pension and Relief Fund and the Employee's Retirement System, which accumulate resources for pension benefit payments to qualified employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewerage function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The City does not use an indirect cost allocation system. However, the General Fund charges certain funds an administrative overhead charge based on a cost allocation plan. This is eliminated like a reimbursement and reduces the revenue and expense in the General Fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The City maintains a pooled cash and investment account that is available for use by all funds, except those restricted by state statutes or other legal requirements. Each fund's positive equity in the pooled cash and investment account is presented as cash and cash equivalents and investments on the balance sheets. Negative equity balances have been reclassified and are reflected as due to/from other funds. Interest income and expense are allocated to the various funds based upon their average daily equity balances.

Investments are reported at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Interest is accrued as earned. For purposes of the Statement of Cash Flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The City has investment policies for the primary government and its fiduciary funds. The fiduciary funds are the Employees Retirement System, the Policemen's Pension and Relief Fund, and the Firemen's Pension and Relief Fund.

The primary government's investments are made in accordance with Louisiana Revised Statutes and are further defined in the City's investment policy which has been approved by the Mayor and Chief Administrative Officer and implements Section 26-55 of the City Code.

The State authorized investments are as follows:

1. U.S. Treasury obligations
2. U.S. government agencies
3. U.S. government instrumentalities
4. Collateralized repurchase agreements
5. Collateralized certificates of deposit with Louisiana domiciled institutions
6. Collateralized interest bearing bank accounts
7. Mutual or trust funds which are registered with the Securities and Exchange Commission which have underlying investments consisting of and limited to securities of the U.S. government or its agencies
8. Guaranteed investment contracts issued by a bank, financial institution, insurance company or other entity having one of the two highest short-term rating categories of either Standard and Poor's Corporation or Moody's Investors Service
9. Investment grade (A-1/P-1) commercial paper of domestic U.S. corporations
10. Louisiana Asset Management Pool (LAMP)
11. Any other investments allowed by state statute for local governments

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of the participants' position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

In addition to the above types of securities, the Employees Retirement System is authorized by a separate investment policy in accordance with Article II, Chapter 66 of the City Code or Ordinances to invest in the following:

1. Domestic securities registered with the Securities and Exchange Commission and traded on a recognized U.S. stock exchange or over-the-counter market. Equity securities include common stocks, real estate securities and securities convertible into common stock of U.S.-based companies. Individual convertible securities should be rated "B" or higher at the time of purchase.
2. International securities registered (or filed) with the Securities and Exchange Commission and traded on a recognized national exchange or over-the-counter market. Non-U.S. dollar denominated equity securities traded on recognized exchanges or over-the-counter markets

- outside the U.S. may also be purchased.
3. Fixed income securities in the form of bonds, notes, securitized mortgages, collateralized mortgage obligations, asset-backed securities, taxable municipal bonds and preferred stock. Fixed income securities shall be rated "BBB" or higher at the time of purchase except for asset-backed securities, mortgage-backed securities, and collateralized mortgage obligations which shall be rated "AAA" at the time of purchase. The minimum dollar-weighted average credit quality rating of the fixed income portfolio should be "AA". The maximum effective maturity of any single issue should not exceed 30 years.
 4. Cash reserves shall be held in the custodians' money market funds, short-term maturity treasury securities or high quality money market instruments.

The Policemen's Pension and Relief Fund is authorized by the Board of Trustees to invest in the same types of investments listed above with a mix of 50% equity and 50% fixed.

The Firemen's Pension and Relief Fund is authorized by the Board of Trustees to invest in the same types of investments listed above with a mix of 60% equity and 40% fixed.

2. Receivables and Payables

All outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Within the City's Water and Sewerage Fund, an estimated amount has been recorded for services rendered but not yet billed as of the close of the year. The receivable was computed by taking the cycle billings the City sent to its customers in January and prorating the amount of days applicable to the current year. All trade and property tax receivables are shown net of an allowance for uncollectibles.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first in, first out (FIFO) method. Inventory in the General Fund consists of materials and supplies held for consumption. Reported inventories in the General Fund are equally offset by a reservation of fund balance with indicates that although inventories are a component of assets, they do not constitute "available spendable resources". Inventories in the Enterprise and Internal Service Funds consist of pipes, meters, fittings and valves, repair materials, spare parts and items held for sale at the Municipal Golf Courses. Inventories are accounted for using the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The bond construction funds are used to report those proceeds of revenue bond issuances that are restricted for use in construction. The bond and interest sinking funds are used to segregate resources accumulated for debt service payments over the next twelve months. The debt service reserve funds are used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The total interest expense incurred by the Convention Center Hotel Fund was \$1,017,283. Of this amount, \$578,399 was included as the cost of capital assets in construction in progress.

The total interest expense incurred by the Water and Sewerage Fund was \$7,704,107. Of this amount \$2,892,754 was included as the cost of capital assets in construction in progress.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Improvements other than buildings	10-50
Infrastructure	20-75
Distribution and collection systems	10-50
Equipment	3-20

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Vacation earned is based on the number of years of services as follows:

<u>Total Employment</u>	<u>Days Earned Per Year</u>
Less than five years	10
Five to ten years	12
Ten to fifteen years	15
Fifteen to twenty years	18
Twenty or more years	21

For classified employees, a maximum of 240 hours of accrued vacation leave can be vested and carried forward to succeeding calendar years. For non-classified employees, the maximum is 320 hours. All accrued sick leave credited to an employee can be carried forward to succeeding calendar years without limitation. Accumulated sick leave is forfeited at the time an employee terminates employment. However, accumulated sick leave is counted as creditable service at retirement if the employee has accumulated at least 175 hours.

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, issuance costs, and gains (losses) on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount or deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for accounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

The following list describes the reservations and designations encountered in the governmental fund financial statements:

Reserved for Debt Service

Certain assets have been reserved in the Debt Service Fund for future payment of debt service.

Reserved for Encumbrances

Encumbrances outstanding at year-end represent the estimated amount the City intends to honor as a commitment regardless of the lapse in the appropriation.

Reserved for Assets Held for Resale

This amount represents assets acquired for resale purposes, only and are not to be used in the City's operations.

Reserved for Inventories

This amount represents the portion of fund balance that is not available spendable resources even though the inventories are a component of net current assets.

Reserved for Endowments

This is an account to segregate monies donated for a City zoo. The City functions in a trustee capacity; however, due to the immaterial amount involved, it is carried in the General Fund.

Designated for Landfill Closure

The unreserved portion of fund balance designated for landfill closure is to provide for amounts to be required when the landfill closes.

Designated for Subsequent Year's Expenditures

The unreserved portion of fund balance designated for subsequent years' expenditures is the amount that has been set aside for future year's budgets.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

Prior to October 1, the Mayor files with the Clerk of Council a proposed operating budget for the fiscal year commencing the following January. The operating budget includes proposed expenditures and related financing sources. The City Council conducts public hearings and proposes adoption of the various budget ordinances. Prior to December 15, the City Council adopts the final budgets controlling the financial operations of the City for the ensuing fiscal year.

Legal budgetary control for operating budgets is exercised at the department/object class with the exception of the Community Development Department where control is exercised at the division/object class. The ordinances provide lump sum appropriation at the object level. The City Charter allows the Mayor to authorize the transfer of budgeted amounts from one activity to another within the same lump sum appropriation, within the same department with the exception of the Community Development Department where funds must be spent within the same division. Budgetary transfers across department lines or between classes of lump sum appropriations must be approved by the City Council. During the year, the City Council approves several amendments to the budget. The City Charter provides that expenditures may not legally exceed appropriations. Formal budgetary integration and encumbrance accounting are employed as management control devices during the year for the General, certain Special Revenue Funds (Community Development and Riverfront Development), Capital Projects and Proprietary Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. The capital project funds adopt project length budgets. The budgets for governmental funds are adopted on a basis substantially consistent with generally accepted accounting principles with the following exceptions: (1) encumbrances (e.g. purchase orders, contracts) are treated as budgeted expenditures in the year of the commitment to purchase and (2) capital leases are not budgeted as expenditures at the inception of the leases.

All appropriations which are not expended or encumbered lapse at year end. Encumbrances outstanding at year end are reported as reservations of fund balances and are carried forward.

Revisions were made to the following governmental funds original budgets as follows:

	Original Budget including <u>Carry Forwards</u>	<u>Revisions</u>	Final Revised <u>Budget</u>
General Fund	\$160,029,771	\$7,103,869	\$167,133,640
Community Development	26,502,900	2,861,200	29,364,100

Adjustments necessary to reconcile the excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses:

	<u>General</u>	<u>Community Development</u>
Net change in fund balance (Budget Basis)	\$ (389,015)	\$(2,361,785)
Adjustments:		
Encumbrances	<u>2,689,547</u>	<u>1,907,484</u>
Net change in fund balance (GAAP Basis)	<u>\$2,300,532</u>	<u>\$(454,301)</u>

B. Excess of Expenditures over Appropriations

During 2005, based on the legally adopted level of control for budgetary purposes, the following funds had excess expenditures over appropriations:

General Fund

Office of Mayor	
Improvements and equipment	\$ 125
Finance	
Contractual services	2,758
Other unclassified	
Personal services	144,962
Interest and civic appropriations	220,203
Claims	3,238,015
Police	
Materials and supplies	1,624
Public works	
Contractual services	929,860
Culture and recreation	
Contractual services	130,310

Community Development

Administration	
Contractual services	2,348
Housing and business development	
Contractual	118,410
Improvements and equipment	61,001
Housing and business development administration	
Salaries, wages and employee benefits	8,087
Materials and supplies	7
Improvements and equipment	1,076
Workforce development	
Other charges	1,841

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Investments – Primary Government excluding Fiduciary Funds

<u>Investment Type</u>	<u>Fair Value</u>
U.S. Treasuries	\$10,308,904
U.S. Instrumentalities	39,759,555
Repurchase Agreements	47,340,527
Investment Agreements	107,797,105
Money Market	9,427,591
LAMP	<u>3,226,475</u>
Total	<u>\$217,860,157</u>

The fair value of \$205,206,091 is classified on the Statement of Net Assets as "Investments". The money market amounts of \$9,427,591 and LAMP \$3,226,475 are classified as "Cash and cash equivalents".

Investment Maturities (in years)

<u>Investment Type</u>	<u>Fair Value</u>	Less <u>Than 1</u>	<u>1-3</u>	<u>3-5</u>	<u>>5</u>
U.S. Treasuries	\$ 10,308,904	\$ 10,308,904	\$ -	\$ -	\$ -
U.S. Instrumentalities	39,759,555	26,594,960	13,164,595	-	-
Repurchase Agreements	47,340,527	41,340,527	6,000,000	-	-
Investment Agreements	107,797,105	54,408,726	46,934,988	4,836,000	1,617,391
Money Market	9,427,591	9,427,591	-	-	-
LAMP	<u>3,226,475</u>	<u>3,226,475</u>	-	-	-
Total	<u>\$217,860,157</u>	<u>\$145,307,183</u>	<u>\$66,099,583</u>	<u>\$4,836,000</u>	<u>\$1,617,391</u>

Interest rate risk. The City limits its exposure to declines in fair value by limiting investment maturities to 3 years from the date of settlement unless matched to a specific cash flow requirement. The Investment Agreements are matched to Water and Sewer construction projects and the Convention Center Hotel project.

Credit risk. The standard of prudence to be used for managing the City's assets is the "prudent investor" rule which states, "Investments shall be made with judgment and care under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation but for investment considering the probable safety of their capital as well as the probable income to be derived." The City's investment policy limits investments to those discussed previously. The investments in U.S. instrumentalities were rated AAA, the Investment Agreements and Money Market investments were unrated and the LAMP investment was rated AAAm.

Concentration of credit risk. The City has no investments in one issuer greater than 5 percent.

Custodial credit risk – deposits. In the case of deposits; this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy is that banks holding deposits are required to pledge securities to fully collateralize these transactions. The pledged securities are held by another bank or through book entry in a custodial account in the Federal Reserve System. The City must authorize in writing the release or substitution of the pledged securities.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's policy is that all investments purchased by the City, except certificates of deposit, local government investment pools, and money market funds, will be delivered by book entry and will be held in third-party safekeeping by a City-approved custodian bank.

2. Investments – Fiduciary Funds

<u>Investment Type</u>	<u>Fair Value</u>
U.S. Treasuries	\$10,675,189
U.S. Agencies	41,367
U.S. Instrumentalities	12,429,392
Asset-backed Securities	266,264
Corporate Bonds	41,815,416
Collateralized Mortgage Obligations	6,306,459
Mutual Funds	5,653,303
Domestic Equities	92,975,776
International Equities	18,249,301
Money Market	<u>17,595,086</u>
Total	<u>\$206,007,553</u>

The fair value of \$188,412,467 is classified on the Statement of Fiduciary Net Assets as "Investments". The money market amounts of \$17,595,086 are classified as "Cash and Cash Equivalents".

Investment Maturities (in years)

<u>Investment Type</u>	<u>Fair Value</u>	Less <u>Than 1</u>	<u>1-5</u>	<u>5-10</u>	<u>≥10</u>
U.S. Treasuries	\$10,675,189	\$ -	\$ 2,980,246	\$ 745,561	\$ 6,949,382
U.S. Agencies	41,367	-	-	-	41,367
U.S. Instrumentalities	12,429,392	-	4,811,342	2,949,364	4,668,686
Asset-backed Securities	266,264	-	-	-	266,264
Corporate Bonds	41,815,416	-	10,087,673	6,138,194	25,589,549
Collateralized Mortgage Obligations	6,306,459	-	-	490,637	5,815,822
Money Market	<u>17,595,086</u>	<u>17,595,086</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$89,129,173</u>	<u>\$17,595,086</u>	<u>\$17,879,261</u>	<u>\$10,323,756</u>	<u>\$43,331,070</u>

<u>S&P/Moody's Rating</u>	<u>Fair Value</u>
Government	\$10,675,189
Agency	41,367
AAA	36,767,614
AA	926,810
A	10,492,174
BBB	7,572,692
BB	2,040,538
B	3,017,703
Unrated (Money Market)	<u>17,595,086</u>
Total	<u>\$89,129,173</u>

Interest rate risk. The Fiduciary Plans do not have a policy to limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The funding obligations of the plan are long-term in nature; consequently, the investment of the Plan's assets shall have a long-term focus, but shall not exceed 30 years.

Credit risk. Fixed income securities shall be rated "BBB" or higher at the time of purchases except for asset-backed securities, mortgage-backed securities and collateralized mortgage obligations which shall be rated "AAA". Convertible securities shall be rated "B" or higher at the time of purchase. The minimum dollar-weighted average credit quality rating of the fixed income portfolio should be "AA".

Concentration of credit risk. Holdings of any single issue shall not exceed more than 5% of the market value of the issuer.

Currency risk. The international equities are held through "American Depositary Receipts" which are traded in U.S. dollars on the American Stock Exchanges. There were no investments in international fixed-income securities.

3. Discretely Presented Component Units

Deposits

City Courts – The City Court does not have a policy for custodial credit risk. As of December 31, 2005, \$3,066,488 of the City Courts' bank balance of \$3,545,609 was exposed to custodial credit risk due to being uninsured and collateral held by the pledging bank's trust department not in the City Courts' name.

City Marshal – As of December 31, 2005, \$1,810,831 of the City Marshal's bank balance of \$2,067,745 was exposed to custodial credit risks due to being uninsured and collateral held by the pledging banks' trust department not in the City Marshal's name.

Downtown Development Authority – The Authority does not have a policy for custodial credit risk. As of December 31, 2005, \$2,216,824 of the Authority's bank balance of \$2,416,824 was exposed to custodial credit risk due to being uninsured and collateral held by the pledging bank's trust department not in the Authority's name.

Louisiana Revised Statue 39:1229 imposes statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the component unit that the fiscal agent has failed to pay deposited funds upon demand.

Investments

Shreveport Home Mortgage Authority – The \$787,322 consists of investment agreements.

City Courts – The \$597,738 consists of certificates of deposit with initial maturities greater than 90 days.

Downtown Development Authority – The \$2,232,660 consists of certificates of deposit with initial maturities greater than 90 days.

B. Property Taxes

The City levies taxes on real and business personal property located within its boundaries. Property taxes are levied by the City on property values assessed by the Bossier Parish and Caddo Parish Tax Assessors and approved by the State of Louisiana Tax Commission.

Assessment date	January 1, 2005
Levy date	Not later than June 1, 2005
Tax bills mailed	On or about November 15, 2005
Total taxes are due	December 31, 2005
Penalties and interest are added	January 1, 2006
Lien date	January 1, 2006
Tax sale - 2005 delinquent property	July 1, 2006

Property taxes levied for the current year are recognized as revenues, even though a portion is collectible in the period subsequent to the levy. The City's property tax collection records show that 91.7% of the property taxes due were collected within 60 days after the due date. Assessed values are established by the Bossier Parish and Caddo Parish Tax Assessors each year on a uniform basis at the following ratios to fair market value.

10% Land	15% Machinery
10% Residential Improvements	15% Commercial Improvements
15% Industrial Improvements	25% Public Service properties, excluding land

A revaluation of all property is required to be completed no less than every 4 years. A revaluation was completed for the tax roll of January 1, 2004.

C. Receivables

Receivables as of year end for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are outlined below.

	General	Community Development	Debt Service	Water and Sewerage	Municipal and Regional Airports	Convention Center Hotel	Nonmajor and Other Funds	Total
Interest	\$ -	\$ -	\$ -	\$ 373,004	\$ 6,933	\$ 25,216	\$ 556,409	\$ 961,562
Taxes	8,571,280	-	9,714,946	-	-	-	-	18,286,226
Accounts	3,449,627	2,230,673	88,816	7,335,505	993,663	-	3,316,186	17,414,470
Intergovernmental	11,840,124	6,505,538	339,785	-	1,691,411	62,852	3,833,928	24,273,638
Notes receivable	-	20,277,338	-	-	-	-	-	20,277,338
Gross receivables	23,861,031	29,013,549	10,143,547	7,708,509	2,692,007	88,068	7,706,523	81,213,234
Less: Allowance for uncollectibles	771,011	8,929,726	967,210	584,735	222,813	-	-	11,475,495
Net total receivables	\$ 23,090,020	\$ 20,083,823	\$ 9,176,337	\$ 7,123,774	\$ 2,469,194	\$ 88,068	\$ 7,706,523	\$ 69,737,739

The total of notes receivable is not expected to be collected within one year. Approximately 6.13% or \$1,222,763 will be collected in the next fiscal period and the balance in future years in accordance with the payment schedules.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Delinquent property taxes receivable (General Fund)	\$ 1,436,547
Delinquent property taxes receivable (Debt Service Fund)	2,123,669
Other deferrals including program notes receivable	<u>9,878,118</u>
Total deferred revenue for governmental funds	<u>\$13,438,334</u>

D. Federal and State Financial Assistance

Federal and State governmental units represent an important source of supplementary funding to finance housing, employment and construction programs, and other activities beneficial to the community. These funds, primarily in the form of grants, are recorded in the General, Special Revenue, Capital Projects and Enterprise Funds. A grant receivable is recorded when the City has a right to reimbursement under the related grant. The grants normally specify the purpose for which the funds may be used and are audited annually under the Single Audit as mandated by OMB Circular A-133.

The following amounts under various grants and entitlements are recorded as revenues, subsidies or contributions in the accompanying financial statements:

Special Revenue Funds:	
Community Development	\$ 7,476,310
Police Grants	1,820,742
Environmental Grants	37,188
Capital Projects Fund	7,227,266
Enterprise Funds:	
Municipal and Regional Airports	4,378,987
Shreveport Area Transit System	4,622,328
Water and Sewer	(1,731)
Totals	<u>\$32,025,906</u>

Supplementary salary payments are made by the State to certain groups of employees. The City is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contribution from the State. The State paid supplemental salaries to the following groups of employees: Fire Department \$1,876,945, Police Department \$1,800,624, and City Marshal (a component unit) \$173,580.

E. Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 86,210,524	\$ 9,061,741	\$ -	\$ 95,272,265
Construction in progress	<u>137,425,927</u>	<u>57,465,679</u>	<u>(73,954,573)</u>	<u>120,937,033</u>
Total capital assets not being depreciated	<u>223,636,451</u>	<u>66,527,420</u>	<u>(73,954,573)</u>	<u>216,209,298</u>
Capital assets, being depreciated:				
Buildings	154,575,027	6,616,339	-	161,191,366
Improvements other than buildings	46,819,877	9,272,659	-	56,092,536
Equipment	60,089,817	4,786,660	(1,499,217)	63,377,260
Infrastructure	<u>390,151,786</u>	<u>67,443,399</u>	<u>-</u>	<u>457,595,185</u>
Total capital assets being depreciated	<u>651,636,507</u>	<u>88,119,057</u>	<u>(1,499,217)</u>	<u>738,256,347</u>
Less accumulated depreciation for:				
Buildings	(35,514,262)	(3,215,959)	-	(38,730,221)
Improvements other than buildings	(17,019,608)	(2,128,872)	-	(19,148,480)
Equipment	(37,065,997)	(4,497,328)	1,498,578	(40,064,747)
Infrastructure	<u>(124,472,591)</u>	<u>(10,906,454)</u>	<u>-</u>	<u>(135,379,045)</u>
Total accumulated depreciation	<u>(214,072,458)</u>	<u>(20,748,613)</u>	<u>1,498,578</u>	<u>(233,322,493)</u>
Total capital assets, being depreciated, net	<u>437,564,049</u>	<u>67,370,444</u>	<u>(639)</u>	<u>504,933,854</u>
Governmental activities capital assets, net	<u>\$ 661,200,500</u>	<u>\$ 133,897,864</u>	<u>\$ (73,955,212)</u>	<u>\$ 721,143,152</u>

Internal service funds predominately serve the governmental funds. Accordingly, their capital assets are included as part of the above totals for governmental activities.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Municipal and Regional Airports				
Capital assets, not being depreciated:				
Land	\$ 25,419,445	\$ 3,799,606	\$ -	\$ 29,219,051
Construction in progress	<u>12,797,545</u>	<u>7,017,926</u>	<u>(16,455,934)</u>	<u>3,359,537</u>
Total capital assets, not being depreciated	<u>38,216,990</u>	<u>10,817,532</u>	<u>(16,455,934)</u>	<u>32,578,588</u>
Capital assets, being depreciated:				
Buildings	56,530,349	3,410,799	-	59,941,148
Improvements other than buildings	54,021,568	9,229,479	-	63,251,047
Equipment	<u>6,520,817</u>	<u>80,359</u>	<u>(553,443)</u>	<u>6,047,733</u>
Total capital assets being depreciated	<u>117,072,734</u>	<u>12,720,637</u>	<u>(553,443)</u>	<u>129,239,928</u>
Less accumulated depreciated for:				
Buildings	(22,661,254)	(1,143,709)	-	(23,804,963)
Improvements other than buildings	(35,601,879)	(1,406,249)	-	(37,008,128)
Equipment	<u>(5,954,048)</u>	<u>(68,720)</u>	<u>536,803</u>	<u>(5,485,965)</u>
Total accumulated depreciation	<u>(64,217,181)</u>	<u>(2,618,678)</u>	<u>536,803</u>	<u>(66,299,056)</u>
Total capital assets, being depreciated, net	<u>52,855,553</u>	<u>10,101,959</u>	<u>(16,640)</u>	<u>62,940,872</u>
Municipal and Regional Airports capital assets, net	<u>91,072,543</u>	<u>20,919,491</u>	<u>(16,472,574)</u>	<u>95,519,460</u>
Convention Center Hotel:				
Capital assets, not being depreciation:				
Construction in progress	-	<u>8,936,447</u>	-	<u>8,936,447</u>
Convention Center Hotel capital assets, net	-	<u>8,936,447</u>	-	<u>8,936,447</u>
Water and Sewerage:				
Capital assets, not being depreciated:				
Land	1,032,277	-	-	1,032,277
Construction in progress	<u>98,812,448</u>	<u>22,638,640</u>	-	<u>121,451,088</u>
Total capital assets, not being depreciated	<u>99,844,725</u>	<u>22,638,640</u>	-	<u>122,483,365</u>
Capital assets, being depreciated:				
Equipment	8,032,792	1,232,859	(23,277)	9,242,374
Distribution and collection systems	<u>380,804,132</u>	<u>794,625</u>	-	<u>381,598,757</u>
Total capital assets, being depreciated	<u>388,836,924</u>	<u>2,027,484</u>	<u>(23,277)</u>	<u>390,841,131</u>
Less accumulated depreciated for:				
Equipment	(4,641,067)	(681,373)	12,517	(5,309,923)
Distribution and collection systems	<u>(136,551,607)</u>	<u>(9,224,478)</u>	-	<u>(145,776,085)</u>
Total accumulated depreciation	<u>(141,192,674)</u>	<u>(9,905,851)</u>	<u>12,517</u>	<u>(151,086,008)</u>
Total capital assets, being depreciated, net	<u>247,644,250</u>	<u>(7,878,367)</u>	<u>(10,760)</u>	<u>239,755,123</u>
Water and sewerage capital assets, net	<u>347,488,975</u>	<u>14,760,273</u>	<u>(10,760)</u>	<u>362,238,488</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Other business-type activity programs:				
Capital assets, not being depreciated:				
Land	1,940,408	-	-	1,940,408
Construction in progress	-	<u>4,250,484</u>	<u>(4,250,484)</u>	-
Total capital assets, not being depreciated	1,940,408	4,250,484	(4,250,484)	1,940,408
Capital assets, being depreciated:				
Buildings	8,559,850	7,782	-	8,567,632
Improvements other than buildings	868,530	-	-	868,530
Equipment	<u>13,653,993</u>	<u>2,556,884</u>	<u>(1,517,456)</u>	<u>14,693,421</u>
Total capital assets being depreciated	23,082,373	2,564,666	(1,517,456)	24,129,583
Less accumulated depreciated for:				
Buildings	(2,318,421)	(195,902)	-	(2,514,323)
Improvements other than buildings	(197,131)	(34,272)	-	(231,403)
Equipment	<u>(8,377,552)</u>	<u>(957,150)</u>	<u>1,515,415</u>	<u>(7,819,287)</u>
Total accumulated depreciation	(10,893,104)	(1,187,324)	1,515,415	(10,565,013)
Total capital assets, being depreciated, net	<u>12,189,269</u>	<u>1,377,342</u>	<u>(2,041)</u>	<u>13,564,570</u>
Other enterprise funds capital assets, net	<u>14,129,677</u>	<u>5,627,826</u>	<u>(4,252,525)</u>	<u>15,504,978</u>
Business-type activities capital assets, net	<u>\$452,691,195</u>	<u>\$50,244,037</u>	<u>\$(20,735,859)</u>	<u>\$482,199,373</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 409,850
Public safety	2,684,675
Public works, including depreciation of general infrastructure assets	12,952,582
Community development	276,249
Culture and recreation	4,356,649
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>68,608</u>

Total depreciation expense-governmental activities \$20,748,613

Business-type activities:

Municipal and Regional Airports	\$ 2,618,678
Water and Sewerage	9,905,851
Shreveport Area Transit System	1,102,565
Golf	<u>84,759</u>

Total depreciation expense-business-type activities \$13,711,853

Construction commitments

The government has active major construction projects as of December 31, 2005. The projects include the Convention Center Complex, various public works projects, Airport additions, and improvements to Water and Sewerage facilities. At year end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Remaining Commitment</u>	<u>Financing Sources</u>
Wastewater Treatment Plant Expansion	\$11,365,432	Water and Sewerage Revenue Bonds
AMISS Water Treatment Plant, Plants I & II Filter Improvements	2,189,440	Water and Sewer Revenue Bonds
Street Projects	921,690	General Obligation Bonds
Bayou Pierre Channel, Phase III	941,083	General Obligation Bonds
Ellerbe Road/Flournoy Lucas	2,075,000	General Obligation Bonds
Riverfront Convention Complex	5,497,906	General Obligation Bonds
Sci-Port Space Center/Planetarium	2,100,742	General Obligation Bonds, State Grant, and Private Donations
Shreveport Convention Center Hotel	<u>29,108,821</u>	Notes, Loans, and State Grants
Total	<u>\$54,200,114</u>	

Discretely presented component unit

Activity for the Metropolitan Planning Commission for the year ended December 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 704,514	\$ -	\$ -	\$ 704,514
Capital assets, being depreciated:				
Improvements other than buildings	999,234	-	-	999,234
Equipment	<u>180,478</u>	-	-	<u>180,478</u>
Totals, capital assets being depreciated	1,179,712	-	-	1,179,712
Less accumulated depreciation for:				
Improvements other than buildings	(817,705)	(43,062)	-	(860,767)
Equipment	<u>(130,171)</u>	<u>(11,712)</u>	-	<u>(141,883)</u>
Total accumulated depreciation	<u>(947,876)</u>	<u>(54,774)</u>	-	<u>(1,002,650)</u>
Total capital assets, being depreciated, net	<u>231,836</u>	<u>(54,774)</u>	-	<u>177,062</u>
MPC capital assets, net	<u>\$ 936,350</u>	<u>\$(54,774)</u>	<u>\$ -</u>	<u>\$ 881,576</u>

All depreciation was charged to planning and zoning.

Activity for the Downtown Development Authority for the year ended December 31, 2005 was of follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 299,000	\$ -	\$ -	\$ 299,000
Capital assets, being depreciated:				
Leasehold improvements	52,369	-	-	52,369
Buildings	991,586	-	-	991,586
Equipment	<u>260,119</u>	<u>13,480</u>	-	<u>273,599</u>
Totals, capital assets being depreciated	1,304,154	13,480	-	1,317,634
Less accumulated depreciation for:				
Leasehold improvements	(10,620)	(1,746)	-	(12,366)
Buildings	(36,988)	(33,664)	-	(70,652)
Equipment	<u>(195,239)</u>	<u>(25,452)</u>	-	<u>(220,691)</u>
Total accumulated depreciation	<u>(242,847)</u>	<u>(60,862)</u>	-	<u>(303,709)</u>
Total capital assets, being depreciated, net	<u>1,061,307</u>	<u>(47,382)</u>	-	<u>1,013,925</u>
Downtown Development Authority capital assets, net	<u>\$1,360,307</u>	<u>\$(47,382)</u>	<u>\$ -</u>	<u>\$ 1,312,925</u>

Depreciation expense was charged to functions/programs as follows:

Downtown development	\$42,022
Streetscape program	6,802
Parking program	<u>12,038</u>
Total	<u>\$60,862</u>

F. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2005 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Community Development	General Fund	\$ 200,554
Nonmajor governmental funds	Nonmajor governmental funds	4,733,988
	Community Development	1,699,347
	Internal Service Fund	1,429,835
	Fiduciary Funds	11,746,705
	Convention Center Hotel	1,257,445
Nonmajor enterprise funds	General Fund	578,369
Internal service funds	General Fund	5,730,767
	Water and Sewerage	1,123,181
Fiduciary funds	General Fund	<u>205,339</u>
Total		<u>\$28,705,530</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers:

Transfer out:						
General Fund	Community Development	Nonmajor Governmental Fund	Water and Sewer	Nonmajor Enterprise	Internal Service	Total
General Fund	\$ -	\$ -	\$ 6,365,638	\$ 1,080,000	\$ -	\$ 7,445,638
Community Development	1,897,331	-	611,142	-	468,896	2,977,369
Debt Service	6,407,695	-	1,004,585	-	-	7,412,280
Nonmajor governmental	136,800	924	13,078,331	(53,000)	900,000	14,063,055
Municipal and Regional Airport	128,300	-	-	-	-	128,300
Nonmajor enterprise	<u>5,696,139</u>	-	-	-	-	<u>5,696,139</u>
Total transfers	<u>\$ 14,266,265</u>	<u>\$ 924</u>	<u>\$ 21,059,696</u>	<u>\$ 1,027,000</u>	<u>\$ 900,000</u>	<u>\$ 37,722,781</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

G. Capital Leases

In December 2005, the City entered into a lease agreement for \$3,033,864 to finance the acquisition of various vehicles and equipment with no down payment. The City previously entered into lease agreements in 2001, 2002, and 2004. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The payment schedule below includes all of the current leases in effect at year end.

The assets acquired through the capital leases follow:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Equipment	\$ 14,351,615	\$ 1,225,091
Less: accumulated depreciation	(5,694,014)	(269,927)
Total	\$ <u>8,657,601</u>	\$ <u>955,164</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2005 were as follows:

<u>Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2006	\$ 2,996,767	\$ 272,912
2007	2,996,818	272,862
2008	1,643,592	213,274
2009	1,643,592	213,274
2010	647,161	213,274
2011 - 2015	<u>968,439</u>	<u>-</u>
Total minimum lease payments	10,896,369	1,185,596
Less: amount representing interest	(1,029,364)	(104,767)
Present value of minimum lease payments	\$ <u>9,867,005</u>	\$ <u>1,080,829</u>

H. Long-term Debt

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2005 was as follows:
(in thousands of dollars)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$289,848	\$80,515	(\$105,323)	\$265,040	\$16,200
Less unamortized discount	(3,562)	-	1,229	(2,333)	-
Less deferred amounts on refunding	(2,542)	(5,906)	556	(7,892)	(664)
Plus deferred premium	<u>1,544</u>	<u>7,702</u>	(<u>541</u>)	<u>8,705</u>	<u>738</u>
Total bonds payable	<u>285,288</u>	<u>82,311</u>	(<u>104,079</u>)	<u>263,520</u>	<u>16,274</u>
Certificate of indebtedness	41,190	-	(3,255)	37,935	3,505
Less unamortized discount	(<u>54</u>)	-	<u>3</u>	(<u>51</u>)	(<u>3</u>)
Total certificates of indebtedness	41,136	-	(3,252)	37,884	3,502
Capital lease	9,886	2,064	(2,082)	9,868	2,457
Notes	36,776	-	(2,382)	34,394	957
Net pension obligation	1,478	2,976	-	4,454	-
Landfill postclosure care	2,542	-	(236)	2,306	-
Claims and judgments	11,090	25,559	(22,819)	13,830	13,830
Compensated absences	<u>1,976</u>	<u>441</u>	<u>367</u>	<u>2,050</u>	<u>308</u>
Governmental activity (Less: Community Development)	390,172	113,351	(135,217)	368,306	37,328
Community Development notes	<u>8,115</u>	-	(<u>945</u>)	<u>7,170</u>	<u>970</u>
Total long-term liabilities	<u>\$398,287</u>	<u>\$113,351</u>	(<u>\$136,162</u>)	<u>\$375,476</u>	<u>\$38,298</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Municipal and Regional Airports:					
Revenue bonds	\$ 23,135	\$ -	(\$ 555)	\$ 22,580	\$ -
Compensated absences	<u>149</u>	<u>32</u>	(<u>22</u>)	<u>159</u>	<u>22</u>
Total	<u>23,284</u>	<u>32</u>	(<u>577</u>)	<u>22,739</u>	<u>22</u>
Water and Sewerage:					
General obligation bonds	177	-	(177)	-	-
Revenue bonds and notes	159,092	87,796	(12,054)	234,834	13,317
Unamortized discount	(3,766)	-	590	(3,176)	-
Less deferred amounts on refunding	(5,068)	-	549	(4,519)	(550)
Plus deferred premium	<u>4,067</u>	-	(<u>1,099</u>)	<u>2,968</u>	<u>381</u>
Total bonds payable	154,502	87,796	(12,191)	230,107	13,148
Capital lease	162	768	(51)	879	125
Compensated absences	<u>429</u>	<u>131</u>	(<u>77</u>)	<u>483</u>	<u>79</u>
Total	<u>155,093</u>	<u>88,695</u>	(<u>12,319</u>)	<u>231,469</u>	<u>13,352</u>
Convention Center Hotel:					
Notes	-	42,491	(12)	42,479	114
Total	-	42,491	(12)	42,479	114
Other business-type activity programs:					
Capital lease	-	202	-	202	38
Compensated absences	<u>255</u>	<u>227</u>	(<u>212</u>)	<u>270</u>	<u>221</u>
Total	<u>255</u>	<u>429</u>	(<u>212</u>)	<u>472</u>	<u>259</u>
Business-type activity long-term liabilities	<u>\$178,632</u>	<u>\$131,647</u>	(<u>\$ 13,120</u>)	<u>\$297,159</u>	<u>\$13,747</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. The claims and judgments liability will be liquidated through the City's Employees Health Care Fund and the Retained Risk Fund. These funds will finance the payment of these claims by charging other funds based on the origination of the claims. The General Fund normally bears approximately 90% of these costs. At year end \$90,902 of internal service funds compensated absences are included in the above amounts. For the governmental activities, the balance of compensated absences is generally liquidated by the General Fund. Net pension obligation and landfill post-closure care will also be liquidated by the General Fund.

There are a number of limitations and restrictions contained in the various bond indentures. The City is in substantial compliance with all significant limitations and restrictions.

State law allows a maximum of 10% of the assessed valuation for general obligation bonded debt for any purpose. However, the 10% maximum can be exceeded if the aggregate issued for all purposes does not exceed 35% of the total assessed valuation. A total of approximately \$137,031,388 of additional general obligation bonded debt is available for issuance on a total assessed valuation of \$1,118,622,660 pursuant to the 35% limitation. Included in the total assessed valuation of property within the City is \$8,704,360 of assessed valuation which has been adjudicated to Caddo Parish. The table below shows the computation of the City's legal debt margin calculated at 10% of assessed valuation as of December 31, 2005.

	<u>Debt limit - 10% of assessed value for any one purpose</u>	<u>Deduct - Amount of debt applicable to debt limit</u>	<u>Legal Debt margin</u>
Street Improvements	\$111,862,266	\$87,238,450	\$ 24,623,816
Police and Fire	111,862,266	28,378,567	83,483,699
Water and Sewer Improvements	111,862,266	-	111,862,266
Parks and Recreation	111,862,266	16,353,945	95,508,321
Public Buildings	111,862,266	71,960,000	39,902,266
Drainage	111,862,266	46,184,860	65,677,406
Sanitation and Incinerator	111,862,266	-	111,862,266
Industrial Bond	111,862,266	-	111,862,266
Airports	111,862,266	-	111,862,266
Sportran	111,862,266	549,047	111,313,219
Riverfront Park	111,862,266	3,821,674	108,040,592

The annual requirements to amortize all debt outstanding as of December 31, 2005, including interest requirements are as follows:

	Maturities (thousands of dollars)				
	Total	2006	2007	2008	2009
PRINCIPAL REQUIREMENTS:					
GENERAL OBLIGATION DEBT:					
General Obligation Bonds Applicable to:					
All Purposes other than Water and Sewerage:					
1987A Refunding Issue - 5.00-8.30%	\$ 12,920 (1)	\$ -	\$ 3,230	\$ 3,230	\$ 3,230
Less: Unamortized Discount	(2,333)	-	(252)	(485)	(699)
	<u>10,587</u>	<u>-</u>	<u>2,978</u>	<u>2,745</u>	<u>2,531</u>
1996 Issue - 5.20-8.00%	695	695	-	-	-
1997 Issue - 4.70-8.00%	2,235	1,085	1,150	-	-
1998 Issue - 4.30-8.00%	19,145	1,035	1,095	1,160	1,225
1998 Refunding Issue - 3.65-4.85%	7,165	1,040	1,095	1,155	1,215
1999 Issue - 4.10-5.00%	6,955	1,610	1,695	1,780	1,870
1999A Issue - 5.00-6.125%	15,285	3,510	3,710	3,920	4,145
1999 Refunding Issue - 4.00-5.00%	8,805	930	975	1,015	1,060
2001A Issues - 3.45-5.50%	28,615	1,230	1,290	1,350	1,415
2003A Refunding Issue - 2.375-5.00%	13,460	1,980	2,045	1,965	2,045
Less: Deferred Amount on Refunding	(402)	(50)	(50)	(50)	(50)
Plus Unamortized Premium	149	19	19	19	19
	<u>13,207</u>	<u>1,949</u>	<u>2,014</u>	<u>1,934</u>	<u>2,014</u>
2003B Refunding Issue - 2.00-5.25%	10,215	110	840	865	895
Less: Deferred Amount on Refunding	(716)	(70)	(70)	(70)	(70)
Plus: Unamortized Premium	467	46	46	46	46
	<u>9,966</u>	<u>86</u>	<u>816</u>	<u>841</u>	<u>871</u>
2003A Issue - 3.00-6.00%	34,575	1,295	1,350	1,410	1,475
Plus: Unamortized Premium	258	32	32	32	32
	<u>34,833</u>	<u>1,327</u>	<u>1,382</u>	<u>1,442</u>	<u>1,507</u>
2004A Refunding Issue - 3.00-4.50%	16,915	150	155	1,370	1,420
Less: Deferred Amount on Refunding	(1,051)	(92)	(92)	(92)	(92)
Plus: Unamortized Premium	196	17	17	17	17
	<u>16,060</u>	<u>75</u>	<u>80</u>	<u>1,295</u>	<u>1,345</u>
2004B Refunding Issue - 3.00-5.00%	7,540	1,355	1,410	1,490	1,560
Less: Deferred Amount on Refunding	(130)	(32)	(32)	(32)	(32)
Plus: Unamortized Premium	290	71	71	71	71
	<u>7,700</u>	<u>1,394</u>	<u>1,449</u>	<u>1,529</u>	<u>1,599</u>
2005A Refunding Issue - 2.50 - 5.00%	56,675	85	85	90	90
Less: Deferred Amount on Refunding	(4,725)	(354)	(354)	(354)	(354)
Plus: Unamortized Premium	4,988	374	374	374	374
	<u>56,938</u>	<u>105</u>	<u>105</u>	<u>110</u>	<u>110</u>
2005B Refunding Issue - 2.8 - 5.25%	23,840	90	-	-	-
Less: Deferred Amount on Refunding	(869)	(66)	(66)	(66)	(66)
Plus: Unamortized Premium	2,358	179	179	179	179
	<u>25,329</u>	<u>203</u>	<u>113</u>	<u>113</u>	<u>113</u>
Total General Obligation Bonds	<u>263,520</u>	<u>16,274</u>	<u>19,947</u>	<u>20,389</u>	<u>21,020</u>

Maurities
(thousands of dollars)

2010	2011- 2015	2016- 2020	2021- 2025	2026- 2030	2031- 2035
\$ 3,230 (897) 2,333	\$ - - -	\$ - - -	\$ - - -	\$ - - -	\$ - - -
-	-	-	-	-	-
-	-	-	-	-	-
1,290	7,640	5,700	-	-	-
1,290	1,370	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,115	3,710	-	-	-	-
1,485	8,555	10,815	2,475	-	-
1,270	4,155	-	-	-	-
(50)	(152)	-	-	-	-
19	54	-	-	-	-
1,239	4,057	-	-	-	-
925	5,335	1,245	-	-	-
(70)	(350)	(16)	-	-	-
46	230	7	-	-	-
901	5,215	1,236	-	-	-
1,540	8,785	10,930	7,790	-	-
32	98	-	-	-	-
1,572	8,883	10,930	7,790	-	-
1,480	8,415	3,925	-	-	-
(92)	(460)	(131)	-	-	-
17	85	26	-	-	-
1,405	8,040	3,820	-	-	-
1,725	-	-	-	-	-
(2)	-	-	-	-	-
6	-	-	-	-	-
1,729	-	-	-	-	-
4,445	25,885	25,995	-	-	-
(354)	(1,772)	(1,183)	-	-	-
374	1,870	1,248	-	-	-
4,465	25,983	26,060	-	-	-
1,855	10,900	10,995	-	-	-
(66)	(330)	(209)	-	-	-
179	895	568	-	-	-
1,968	11,465	11,354	-	-	-
20,792	84,918	69,915	10,265	-	-

Maturities
(thousands of dollars)

	Total	2006	2007	2008	2009
General Obligation Notes					
1998A Certificate of Indebtedness - 4.65-5.25%	30,270	760	3,445	3,620	3,800
1998B Certificate of Indebtedness - 5.79-6.48%	2,490	2,490	-	-	-
1999 City Hall Project Notes - 4.75-7.00%	4,935	715	755	800	840
Property Acquisition - 4.77%	129	62	67	-	-
2000 Independence Stadium - Variable	24,445	150	155	160	170
2000A Independence Stadium - Variable	4,885	30	30	30	35
Capital Lease - 5.29%	196	95	101	-	-
Suntrust Lease/Purchase - 3.68%	2,363	1,160	1,203	-	-
2003A Convention Center Hotel - 4.495%	2,479	114	77	81	85
2005A Convention Center Hotel - 3.657%	40,000	-	-	-	125
Banc One Lease/Purchase - 3.07%	3,724	889	916	945	974
Community Bank Lease/Purchase	1,521	113	130	136	142
Chase Lease Purchase - 3.525%	1,974	183	185	189	192
Capital Lease - Water and Sewerage - 5.29%	111	54	57	-	-
Chase Lease Purchase - Water and Sewer - 3.525%	767	143	148	153	159
Chase Lease Purchase - Fleet Services - 3.525%	90	17	17	18	19
Chase Lease Purchase - Golf - 3.525%	202	38	39	40	42
2004 Certificate of Indebtedness - 2.0-4.2%	5,175	255	260	270	275
Less: Unamortized Discount	(51)	(3)	(3)	(3)	(3)
	<u>5,124</u>	<u>252</u>	<u>257</u>	<u>267</u>	<u>272</u>
Total General Obligation Debt	389,225	23,539	27,529	26,828	27,875
Municipal and Regional Airports					
1997A Issue - 5.375%	7,390	-	-	-	-
1997B PFC Issue - 4.20-5.375%	15,190 (2)	-	580	610	635
Total Revenue Bonds - Airports	22,580	-	580	610	635
Water and Sewerage					
1993B Issue - 4.25-9.00%	5,630	565	600	635	675
1997A Refunding Issue - 4.00-5.40%	4,630	950	845	635	475
Less: Deferred Amount on Refunding	(266)	(30)	(30)	(30)	(30)
	<u>4,364</u>	<u>920</u>	<u>815</u>	<u>605</u>	<u>445</u>
2000A Issue - 5.00-7.00%	8,795	265	280	300	315
2001A Issue - 3.95%	6,265	265	275	285	300
2001B Issue - 3.95%	6,265	265	275	285	300
2001C Issue - 3.95%	3,048	210	220	225	235
2002A Issue - 3.95%	11,939	-	-	-	-
2002B Issue - 3.95%	3,569	-	-	-	-
2003A Issue - 3.95%	12,901	-	-	-	-
2003B Issue - 3.95%	2,640	97	89	81	73
2004A Issue - 3.95%	5,992	-	-	-	-
2002A Refunding Issue - 4.00-4.65%	16,725	-	170	2,200	3,755
Less: Unamortized Discount	(3,176)	-	-	(273)	(590)
Less: Deferred Amount on Refunding	(698)	(116)	(116)	(116)	(116)
Plus: Unamortized Reoffer Call Premium	156	26	26	26	26
	<u>13,007</u>	<u>(90)</u>	<u>80</u>	<u>1,837</u>	<u>3,075</u>
2003A Refunding Issue - 4.00-5.00%	34,655	6,320	5,790	4,895	3,635
Less: Deferred Amount on Refunding	(2,203)	(245)	(245)	(245)	(245)
Plus: Unamortized Reoffer Call Premium	1,587	176	176	176	176
	<u>34,039</u>	<u>6,251</u>	<u>5,721</u>	<u>4,826</u>	<u>3,566</u>
	82				

Maturities
(thousands of dollars)

2010	2011- 2015	2016- 2020	2021- 2025	2026- 2030	2031 2035
4,000	13,035	1,610	-	-	-
-	-	-	-	-	-
890	935	-	-	-	-
-	-	-	-	-	-
195	1,900	3,955	6,860	10,900	-
40	380	790	1,365	2,185	-
-	-	-	-	-	-
-	-	-	-	-	-
92	540	717	773	-	-
300	2,025	4,600	7,625	11,050	14,275
-	-	-	-	-	-
149	851	-	-	-	-
195	1,030	-	-	-	-
-	-	-	-	-	-
164	-	-	-	-	-
19	-	-	-	-	-
43	-	-	-	-	-
280	1,550	1,865	420	-	-
(3)	(13)	(13)	(10)	-	-
277	1,537	1,852	410	-	-
27,156	107,151	83,439	27,298	24,135	14,275
-	-	-	2,615	4,775	-
670	3,865	4,975	3,855	-	-
670	3,865	4,975	6,470	4,775	-
720	2,435	-	-	-	-
305	1,420	-	-	-	-
(30)	(116)	-	-	-	-
275	1,304	-	-	-	-
335	1,985	2,620	2,695	-	-
310	1,745	2,115	970	-	-
310	1,745	2,115	970	-	-
245	1,380	533	-	-	-
-	1,390	7,819	2,730	-	-
-	3,351	218	-	-	-
-	3,546	4,306	5,049	-	-
64	1,500	736	-	-	-
-	3,966	2,026	-	-	-
5,305	5,295	-	-	-	-
(1,053)	(1,260)	-	-	-	-
(116)	(118)	-	-	-	-
26	26	-	-	-	-
4,162	3,943	-	-	-	-
2,390	11,625	-	-	-	-
(245)	(978)	-	-	-	-
176	707	-	-	-	-
2,321	11,354	-	-	-	-

Maturities
(thousands of dollars)

	Total	2006	2007	2008	2009
2003B Refunding Issue - 2.00-5.00%	16,890	1,640	1,680	1,725	1,775
Less: Deferred Amount on Refunding	(1,203)	(134)	(134)	(134)	(134)
Plus: Unamortized Original Issuance Premium	486	54	54	54	54
	<u>16,173</u>	<u>1,560</u>	<u>1,600</u>	<u>1,645</u>	<u>1,695</u>
2003C Refunding Issue - 4.00%	10,180	960	1,000	1,040	1,085
Less: Deferred Amount on Refunding	(67)	(7)	(7)	(7)	(7)
Plus: Unamortized Reoffer Call Premium	354	39	39	39	39
	<u>10,467</u>	<u>992</u>	<u>1,032</u>	<u>1,072</u>	<u>1,117</u>
2004B Refunding Issue - 4.00-5.00%	9,710	1,780	1,855	1,925	2,025
Less: Deferred Amount on Refunding	(82)	(18)	(18)	(17)	(18)
Plus: Unamortized Reoffer Call Premium	385	86	86	86	86
	<u>10,013</u>	<u>1,848</u>	<u>1,923</u>	<u>1,994</u>	<u>2,093</u>
2005 LCDA Note - Variable	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue Bonds -- Water and Sewerage	<u>230,107</u>	<u>13,148</u>	<u>12,910</u>	<u>13,790</u>	<u>13,889</u>
Total Principal	<u>641,912</u>	<u>36,687</u>	<u>41,019</u>	<u>41,228</u>	<u>42,399</u>
INTEREST REQUIREMENTS:					
General Obligation Debt	157,174	15,282	15,643	14,782	13,873
Revenue Bonds and Notes					
Water and Sewerage	104,330	9,280	8,771	8,205	7,666
Municipal and Regional Airports	17,477 (2)	-	1,211	1,185	1,158
Total Interest Requirements	<u>278,981</u>	<u>24,562</u>	<u>25,625</u>	<u>24,172</u>	<u>22,697</u>
Total Future Debt Requirements	<u>\$920,893</u>	<u>\$61,249</u>	<u>\$66,644</u>	<u>\$65,400</u>	<u>\$65,096</u>

(1) The principal and interest for the 1987A General Obligation Bond Issues which were due January 1, 2006, were paid as of December 31, 2005; therefore, there were no requirements for 2006.

(2) The principal and interest for the 1997B PFC Revenue Bonds due January 1, 2006 were paid as of December 31, 2005; therefore, there were no requirements for 2006.

Maturities
(thousands of dollars)

2010	2011- 2015	2016- 2020	2021- 2025	2026- 2030	2031- 2035
1,855	8,215	-	-	-	-
(134)	(533)	-	-	-	-
54	216	-	-	-	-
1,775	7,898	-	-	-	-
1,125	4,970	-	-	-	-
(7)	(32)	-	-	-	-
39	159	-	-	-	-
1,157	5,097	-	-	-	-
2,125	-	-	-	-	-
(11)	-	-	-	-	-
41	-	-	-	-	-
2,155	-	-	-	-	-
-	4,420	29,415	33,495	7,670	-
13,829	57,059	51,903	45,909	7,670	-
41,655	168,075	140,317	79,677	36,580	14,275
12,982	44,951	22,164	10,303	5,575	1,619
16,532	30,208	16,845	6,596	227	-
1,129	5,142	4,103	2,693	856	-
30,643	80,301	43,112	19,592	6,658	1,619
<u>\$ 72,298</u>	<u>\$ 248,376</u>	<u>\$ 183,429</u>	<u>\$ 99,269</u>	<u>\$ 43,238</u>	<u>\$ 15,894</u>

The Shreveport Home Mortgage Authority has debt that is significant in proportion to the total debt of all component units. The annual requirements to amortize all debt outstanding as of December 31, 2005, including interest requirements are as follows:

	Maturities (thousands of dollars)										
	Total	2006	2007	2008	2009	2010- 2014	2015- 2019	2020- 2024	2025- 2029	2030- 2034	2035- 2039
Bond Issues:											
1984 Single Family	\$ 205	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 205	\$ -	\$ -	\$ -	\$ -
1988 Refunding	1,979	1,979	-	-	-	-	-	-	-	-	-
1995 Single Family Refunding	2,495	-	-	-	-	-	-	-	2,495	-	-
2003 Single Family	6,884	92	471	101	106	613	780	992	1,262	1,607	860
2004 Multi-Family Refunding	4,280	60	60	60	60	400	550	3,090	-	-	-
Total principal on bonds	15,843	2,131	531	161	166	1,013	1,535	4,082	3,757	1,607	860
Less:											
Unaccrued discount	1,173	1,034	-	-	-	-	139	-	-	-	-
Net principal	14,670	1,097	531	161	166	1,013	1,396	4,082	3,757	1,607	860
Total Interest	13,860	877	735	726	718	3,446	3,109	2,431	1,356	413	49
Total Future Debt Requirements	\$ 28,530	\$ 1,974	\$ 1,266	\$ 887	\$ 884	\$ 4,459	\$ 4,505	\$ 6,513	\$ 5,113	\$ 2,020	\$ 909

General Obligation Bonds

General obligation bonds are direct general obligations of the City. Principal and interest are payable from ad valorem taxes levied on all taxable property within the City. As discussed in the following paragraphs, certain of the bond issues are currently being paid from sources other than ad valorem tax levies; however, ad valorem taxes are pledged should payment not be made from those other sources.

On July 17, 1987, the City issued \$17,203,141 in General Obligation Refunding Bonds, Series 1987 to advance refund \$17,100,000 of outstanding 1986 Series A Bonds. The 1986 Series A Bonds are considered to be defeased and have been removed from the governmental activities column of the Statement of Net Assets. The principal outstanding at December 31, 2005 on the bonds refunded was \$1,555,000.

In November 2003, the City issued \$10,515,000 in General Obligation Refunding Bonds, Series 2003B to advance refund a portion of the outstanding General Obligation Bonds, Series 1996. The amount refunded was \$9,835,000 with maturities from 2007 through 2016. These bonds will be called for redemption in 2006 and are considered defeased and have been removed from the governmental activities column of the Statement of Net Assets. The principal outstanding at December 31, 2005 on the bonds refunded was \$9,835,000.

In October 2004, the City issued \$17,060,000 in General Obligation Refunding Bonds, Series 2004A to advance refund a portion of the General Obligation Bonds, Series 1997. The amount refunded was \$16,000,000 with maturity dates from 2008 through 2017. These bonds will be called for redemption in 2007 and have been removed from the governmental activities column of the Statement of Net Assets. The principal outstanding at December 31, 2005 on the bonds refunded was \$16,000,000.

In February 2005, the City issued \$56,675,000 in General Obligation Refunding Bonds, Series 2005A to advance refund a portion of the General Obligation Bonds, Series 1999A and to pay for the costs of issuance. Included in the proceeds was a reoffering premium of \$5,300,047. The amount refunded was \$56,775,000 with maturity dates from 2010, through 2019. The refunding bonds have maturity dates from 2006 through 2019 with principal payments from \$85,000 to \$6,965,000 with interest rates from 2.5% to 5%. Existing sinking funds of \$1,146,953 along with the net proceeds of \$60,648,250 were placed in an irrevocable trust for future debt service payments on the refunded bonds. Proceeds of \$323,099 from the refunding bonds were recorded to the original 1999A General Obligation Bond Fund due to excess funds generated by a change in interest rates. These bonds will be called for redemption in 2009 and have been removed from the governmental activities column of the Statement of Net Assets. The reacquisition price exceeded the net carrying amount of the old debt by \$5,020,203. This amount is being netted against the new debt and amortized over the life of the new debt which is the same as the refunded debt. The refunding was undertaken to reduce the future debt service payments by \$3,524,455 and resulted in a net economic gain of \$2,971,774. The principal outstanding at December 3, 2005 on the bonds refunded was \$56,775,000.

In September 2005, the City issued \$23,840,000 in General Obligation Refunding Bonds, Series 2005B to advance refund a portion of the General Obligation Bonds, Series 1999 and to pay for the costs of issuance. Included in the proceeds was a reoffering premium of \$2,402,306. The amount refunded was \$24,890,000 with maturity dates from 2010, through 2019. The refunding bonds have maturity dates from 2006 through 2019 with principal payments from \$90,000 to \$2,970,000 with interest rates from 2.8% to 5.25%. The net proceeds of \$25,775,730 were placed in an irrevocable trust for future debt service payments on the refunded bonds. These bonds will be called for redemption in 2009 and have been removed from the governmental activities column of the Statement of Net Assets. The reacquisition price exceeded the net carrying amount of the old debt by \$885,730. This amount is being netted against the new debt and amortized over the life of the new debt which is the same as the refunded debt. The refunding was undertaken to reduce the future debt service payments by \$1,171,875 and resulted in a net

economic gain of \$850,804. The principal outstanding at December 31, 2005 on the bonds refunded was \$24,890,000.

Community Development Notes

In March 2004, the City entered into a Section 108 Housing and Urban Development (HUD) guaranteed loan for \$2,500,000 for Shreveport Inner City Economic Development Initiative (SICEDI). The initial drawdown was for \$450,000 in 2004. There were no drawdowns in 2005. The loan carries a variable interest rate. The rate in effect at year end was 4.61%, and is the rate used for the debt schedule.

The City has four other HUD loans received in prior years. The loans are secured by a note receivable from the developer with a first lien mortgage and a pledge of the City's current and future CDBG funds. The note receivable and loan payable are recorded in the Community Development Fund due to the flow of funds between the developer, the City, and HUD. The developer makes payments to the City and the City services the loan to HUD. An allowance for doubtful accounts has been provided for one note originally made for \$2,200,000 and still outstanding for the full amount. Another note originally made for \$5,000,000 is not collectible. An amount of \$610,000 and \$4,143,000 respectively, has been recorded as due from HUD at December 31, 2005 in relation to these notes as well as \$779,652 for interest paid but not drawn down at this date.

The debt service requirements to maturity for these loans are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 970,000	\$ 450,149
2007	990,000	395,619
2008	606,000	340,666
2009	554,000	305,898
2010	559,000	271,800
2011-2015	2,867,000	815,745
2016-2019	<u>624,000</u>	<u>110,630</u>
Total	<u>\$7,170,000</u>	<u>\$2,690,507</u>

Municipal and Regional Airports Revenue Bonds

The resolutions applicable to the Municipal and Regional Airports Revenue Bonds require the establishment of various bond principal and interest sinking funds and the establishment of a debt service reserve fund. For financial statement reporting, these funds have been consolidated within the Municipal and Regional Airport fund. Net assets of the Municipal and Regional Airport fund have been restricted in accordance with the provisions of the respective bond indentures in the amount of \$1,776,503 at December 31, 2005, which represents the restricted assets included in the debt service funds at that date with no current liabilities payable from these restricted assets.

The City has covenanted in the General Bond Resolution that it will at all times fix, prescribe and collect rents, fees and other charges for the services and facilities furnished by the Airport System sufficient to yield net revenues during each fiscal year equal to at least 125% of debt service for such fiscal year and to yield revenues during each fiscal year equal to at least 100% of the aggregate amounts required to be deposited during the first year in each account created by the General Bond Resolution.

Restricted assets on the balance sheet of the Municipal and Regional Airport fund primarily represent amounts which are required to be maintained pursuant to ordinances relating to bonded indebtedness. A summary of restricted assets at December 31, 2005 follows:

Fund

Debt Service Reserve Funds	\$1,776,503
Other Miscellaneous Reserve Funds	1,442,906
Bond and Interest Sinking Funds	<u>91,857</u>
Total restricted assets	<u>\$3,311,266</u>

Department of Water and Sewerage Revenue Bonds

During September 1986, the City issued \$31,080,000 in Water and Sewer Revenue Bonds 1986 Series B to advance refund \$23,715,000 of the 1984 Series A Bonds. The 1984 Series A Bonds are considered to be defeased and have been removed from the business activities column of the Statement of Net Assets. The principal outstanding at December 31, 2005 on the bonds refunded was \$849,752.

In prior years, the City has issued Water and Sewer Revenue Bonds for system upgrades through a series of Loan and Pledge Agreements with the Louisiana Department of Environmental Quality (DEQ). The DEQ as the initial purchaser of the bonds, purchases the bonds in increments as project costs are incurred, and interest is payable only on the amount purchased from the date of purchase. At December 31, 2005, the bonds authorized that have not been fully purchased and the amount purchased to date are the 2001C \$5,540,000 (\$3,632,555), 2002A \$25,000,000 (\$24,153,087), 2002B \$13,000,000 (\$7,292,052), 2003A \$16,000,000 (\$15,824,214), 2003B \$6,000,000 (\$3,740,578), 2004A \$16,000,000 (\$9,846,260). The amounts drawdown and issued in 2005 were 2001C \$1,029,602, 2002A \$1,008,770, 2002B \$1,322,797, 2003A \$792,792, 2003B \$2,644,578, and 2004A \$5,997,260.

In September 2005, the City entered into a Loan Agreement for \$75,000,000 with the Louisiana Local Governmental Environmental Facilities and Community Development Authority. The Authority issued \$75,000,000 of its Revenue Bonds (Shreveport Utility System Project) Series 2005 for the purpose of financing the costs of acquisition and construction of improvements, enlargements and upgrades to the City's water and sewer system, fund a debt service fund, to the extent necessary and paying the costs of issuance of the bonds. Principal payments range from \$1,145,000 to \$7,805,000 with maturity dates from 2013 through 2026. The bonds were initially issued in the weekly rate mode which would, in the opinion of the remarketing agent, result in the market value of the bonds being 100% of the principal amount on the interest determination date. Any bond may be converted to a different interest mode and different bonds may be in different interest rate modes at the same time. Through a Swap Agreement with JP Morgan Chase Bank, the City has fixed the interest rate at 3.56%. Through the Loan Agreement, the City agrees to make these payments from any lawfully available funds and to budget those amounts annually.

The bonds are subject to purchase on demand of the holder on any business day at a price equal to the principal plus accrual interest on seven days notice and delivery to the City's remarketing agent, J. P. Morgan Securities, Inc. Under a standby purchase agreement with JP Morgan Chase Bank, the trustee is entitled to draw an amount sufficient to pay the purchase price of tendered bonds which have not been remarketed. The initial agreement is equal to the sum of (a) \$75,000,000 constituting the principal face amount of the bonds and (b) \$838,837 equal to 34 days interest on the bond at 12% and shall be adjusted by any changes in the principal commitment. The agreement is valid through September 28, 2006, but may be extended by agreement in writing between the City and the bank. Interest is payable at the Purchased Bond Rate which is the greater of the banks prime rate or the Overnight Effective Federal Funds Rate plus .50%. Commencing on the earlier of the sixtieth day after the purchase date or the first business day of the sixth month after the end of the purchase period, purchased bonds are subject to special mandatory redemption over a five-year period in ten equal installments of principal and interest at the Purchased Bond Rate which is the prime rate plus 1%. At December 31, 2005, there were no draws outstanding. If the balance of the issue was converted to a five-year semi-annual installment loan, the semi-annual payments would be \$9,304,450 assuming a 8.25% interest rate. The City is required to pay a fee of .0008% per annum of the aggregate amount of bonds outstanding for the remarketing agreement on

a quarterly basis in advance and .0085% per annum on the average daily amount of the available commitment of the standby purchase agreement payable quarterly in arrears.

The resolutions applicable to the Department of Water and Sewerage Revenue Bonds require the establishment of various bond principal and interest sinking funds and the establishment of a debt service reserve fund. For financial statement reporting, these funds have been consolidated within the Department of Water and Sewerage.

The City has debt covenants with respect to the various Water and Sewer bond issues to fix and collect rates and charges for all water and sewerage services supplied by the System which will be sufficient in each fiscal year, after making due allowance for delinquencies in collection and after providing for the payment of the reasonable and necessary expenses of operating and maintaining the System, to produce net revenues (i) sufficient to pay debt service on all outstanding city bonds and to maintain the funds and accounts as provided in the bond resolution and (ii) which result in each fiscal year in the greater of (a) the sum of debt service payable on the city bonds in the ensuing fiscal year plus any required deposit to the Debt Service Reserve Fund, or (b) a ratio of net revenues to average annual debt service of not less than 1.25 to 1, the required debt service coverage ratio.

Restricted assets on the balance sheet of the Department of Water and Sewerage primarily represent amounts which are required to be maintained pursuant to ordinances relating to bonded indebtedness (construction, debt service, and bond principal and interest sinking funds). A summary of restricted assets by bond issue at December 31, 2005 follows:

<u>Fund</u>	
1990A and B Bonds Construction Funds	\$ 148,207
Debt Service Reserve Funds	7,225,887
Bond and Interest Sinking Funds	1,286,916
2000A Bond Construction Fund	1,152,007
2001B Bond Construction Fund	205,311
2005 LCDA Loan Agreement	73,704,592
Miscellaneous Bond Construction Fund	<u>3,094,494</u>
Total restricted assets	<u>\$86,817,414</u>

Convention Center Hotel

In April 2005, the City entered into a Loan Agreement for \$40,000,000 with the Louisiana Local Governmental Environmental Facilities and Community Developmental Authority. The Authority issued \$40,000,000 of its Revenue Bonds (Shreveport Convention Center Hotel Project) Series 2005 for the purpose of financing a portion of the cost of acquiring, owning, constructing and equipping a convention center hotel to be located adjacent to the City's new convention center, partially funding a reserve fund, funding capitalized interest through November 1, 2006 and paying the costs of issuance of the bonds. Principal payments range from \$125,000 to \$3,150,000 with maturity dates from 2009 through 2035. The bonds will be issued initially as auction rate securities for generally successive 35-day auction periods. At the election of borrower, the bonds may be converted, in whole, to bear interest on the basis of a 7-day period or other interest rate periods as provided. Through a Swap Agreement with JP Morgan Chase Bank, the City has fixed the interest rate at 3.657%. Through the Loan Agreement, the City agrees to make these payments from any lawful available funds and to budget those amounts annually.

In December 2002, the City entered into a Loan Agreement for \$2,500,000 with the Louisiana Local Government Environmental Facilities and Community Development Authority. The loan was made to fund a portion of the cost of the Convention Center Hotel. The loan is made through advances as expenditures are incurred. The final maturity is March 2025. Interest is payable only on funds advanced

against the loan. Interest is computed weekly on a variable rate and is payable monthly along with an amortized amount of principal outstanding. The amount advanced in 2005 was \$1,022,026 and to date totals \$2,500,000. Debt service is prorated through 2025 based on the outstanding principal at a rate of 4.95% which was the rate at year-end.

Restricted assets on the balance sheet of the Convention Center Hotel primarily represent amounts required to be maintained in accordance with the Trust Indenture and Loan Agreement. A summary of restricted assets at December 31, 2005 follows:

<u>Fund</u>	
Capitalized Interest Fund	\$ 1,820,925
Debt Service Reserve Fund	1,659,696
Construction Fund	<u>32,729,122</u>
Total	<u>\$36,209,743</u>

Shreveport Home Mortgage Authority Bonds

On February 1, 2004, the Authority issued \$4,360,000 in bonds, the 2004 Multi-Family Housing Revenue Refunding Bonds, to advance refund the \$4,360,000 1995 Multi-Family Issue. The 1995 Multi-Family Issue Bonds are considered defeased and have been removed from the Authority's financial statements. At December 31, 2005, the principal outstanding on the refunded bonds was \$4,360,000.

On March 14, 1995, the Authority issued \$4,435,000 in bonds, the 1995 Issue (Multi-Family Refunding), to advance refund the \$4,360,000 1983-B Issue bearing interest at 6.4% and pay part of the issuance costs of the new bonds. The 1983-B Issue bonds are considered defeased and have been removed from the Authority's financial statements. At December 31, 2005, the principal outstanding on the refunded bonds was \$4,360,000.

The 1979 issue bonds are considered defeased and have been removed from the Authority's financial statements. At December 31, 2005, \$23,425,000 of bonds in the 1979 issue are still outstanding.

Interest Rate Swap Agreements

Independence Stadium Notes (Two swap agreements)

Swap Agreement One

Objective of the interest rate swap. In October, 2003 the City entered into an interest rate swap with JP Morgan Chase Bank in connection with the balance of the \$30 million of Independence Stadium notes issued in 2000. The swap was done to lower the City's total cost to service the notes.

Terms. The bonds mature in March 2030, however, the swap agreement matures in September 2008. The notional amount of the bonds is \$29,330,000 and matches the swap agreement through termination in 2008. The bonds were initially marketed in the weekly mode at Bond Market Association Municipal Swap Index (BMA) +0.12% plus remarketing fees of 0.125% and liquidity fees of 0.24% for a total of BMA + 0.485%. The bonds were remarketed at an average fixed rate of 2.935% through September 1, 2008. Through the swap agreement, the City receives the fixed amount for bond payments and pays the BMA + 0.30%. The net effect is a savings of 0.185%.

Fair Value. As of December 31, 2005, the swap had a negative fair value of \$607,473. The fair value was estimated using a proprietary valuation model which calculates the present value of future cash flows.

Credit risk. As of December 31, 2005, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty was rated A+ by Fitch Ratings, AA- by Standard & Poor's, and Aa2 by Moody's Investors Service as of December 31, 2005. The City will be exposed to credit risk only if the counterparty defaults or the swap is terminated.

Basis risk. There is no basis risk since the BMA is the only variable rate used. The payment received and paid to the bondholders is a fixed rate.

Termination risk. The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the City if the counterparty's credit rating falls below Baa1 as determined by Moody's or BBB+ as determined by Standard & Poor's. If the swap is terminated, the bonds would no longer carry a synthetic rate. If at the time of termination, the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

Swap Agreement Two

Objective of the interest rate swap. In July 2005, the City entered into a second swap agreement with JP Morgan Chase Bank in connection with the balance of the \$30 million of Independence Stadium notes issued in 2000. The intention of the swap was to effectively change the City's variable interest rate on the bonds to a synthetic fixed rate of 3.877%.

Terms. The bonds and the related swap agreement mature in March 2030, and the swap's notional amount of \$29,330,000 matches the bonds. Under the swap, the City pays a fixed payment of 3.877% and receives a variable payment computed as 70% of the London Interbank Offered Rate (LIBOR) plus 0.30%. Conversely, the bond's variable rate under swap one is BMA + 0.30%.

Fair value. As of December 31, 2005, the swap had a negative fair value of \$429,238. The fair value was estimated using a proprietary valuation model which calculates the present value of future cash flows.

Credit risk. As of December 31, 2005, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty was rated A+ by Fitch Ratings, AA- by Standard & Poor's, and Aa2 by Moody's Investors Service as of December 31, 2005. The City will be exposed to credit risk only if the counterparty defaults or the swap is terminated.

Basis risk. The swap exposes the City to basis risk should the relationship between LIBOR and BMA converge, changing the synthetic rate of the bonds. If a change occurs that results in rates' moving to convergence, the expected cost savings may not be realized.

Swap payments and associated debt. Using rates as of December 31, 2005, debt service requirements of the debt and net swap payments, assuming current interest rates remain the same for their term, were as follows. As rates vary, bond interest payments and net swap payments will vary.

Fiscal Year Ending December 31	Bonds		Interest Rate	Interest Rate	Total
	Principal	Interest	Swaps, Net (1)	Swaps, Net (2)	Debt Service
2006	\$ 180,000	\$ 859,353	\$255,851	\$ 167,709	\$ 1,462,913
2007	185,000	855,743	254,253	166,662	1,461,658
2008	190,000	851,285	252,613	165,587	1,459,485
2009	205,000	1,044,533	-	164,454	1,413,986
2010	235,000	1,037,091	-	163,192	1,435,283
2011-2015	2,280,000	5,006,860	-	784,573	8,071,433
2016-2020	4,745,000	4,426,604	-	685,820	9,857,424
2021-2025	8,225,000	3,330,164	-	502,596	12,057,760
2025-2030	13,085,000	1,506,997	-	200,588	14,792,585
Total	\$29,330,000	\$18,918,630	\$762,717	\$3,001,181	\$52,012,527

Convention Center Hotel \$40,000,000 Notes

Objective of the interest rate swap. In July 2005, the City entered into an interest rate swap with Ambac Financial Services, LLC in connection with the \$40 million Shreveport Convention Center Hotel Project Series 2005 Revenue Bonds. The bonds were initially issued in the auction rate mode. The intention of the swap was to change the auction rate bonds to a synthetic fixed rate of 3.657%.

Terms. The bonds and the related swap agreement mature on April 1, 2035, and the swap's notional amount of \$40 million matches the \$40 million variable rate bonds. The swap was entered at the same time the bonds were issued (July 2005). Starting in fiscal year 2009, the notional value of the swap and the principal amount of the associated debt will decline. Under the swap, the City pays the counterparty a fixed payment of 3.657% and receives a variable payment computed as 70% of LIBOR plus 0.05%. Conversely, the bonds are based on successive 35-day auction periods.

Fair Value. As of December 31, 2005, the swap had a negative fair value of \$246,209. The fair value was estimated using a proprietary valuation model which calculates the present value of future cash flows.

Credit risk. As of December 31, 2005, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty is rated AAA by Standard & Poor's and Moody's Investor Services as of December 31, 2005. The swap is guaranteed by Ambac Assurance Corporation. The City will only be exposed to credit risk if the insurer's AAA credit rating falls below A- for Standard & Poor's and A3 in the case of Moody's.

Basis risk. The swap exposes the City to basis risk should the relationship between LIBOR and the auction rate converge, changing the synthetic rate on the bonds. If a change occurs that results in rates moving to convergence, the expected cost savings may not be realized.

Termination risk. The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the City if the insurer's rating falls below A- for Standard & Poor's and A3 in the case of Moody's. If the swap is terminated, the bonds would no longer carry a synthetic interest rate. If at the time of termination, the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

Swap payments and associated debt. Using rates as of December 31, 2005, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term were as follows. As rates vary, bond interest payments and net swap payments will vary.

Fiscal Year Ending December 31	Variable-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net	Debt Service
2006	\$ -	\$ 1,232,000	\$ 241,424	\$ 1,473,424
2007	-	1,232,000	241,424	1,473,424
2008	-	1,232,000	241,424	1,473,424
2009	125,000	1,229,113	240,858	1,594,971
2010	300,000	1,221,220	239,312	1,760,532
2011-2015	2,025,000	5,949,213	1,165,814	9,140,027
2016-2020	4,600,000	5,419,260	1,061,964	11,081,224
2021-2025	7,625,000	4,466,963	875,351	12,967,314
2026-2030	11,050,000	3,001,075	588,094	14,639,169
2031-2035	<u>14,275,000</u>	<u>1,033,918</u>	<u>202,608</u>	<u>15,511,526</u>
Total	<u>\$40,000,000</u>	<u>\$26,016,762</u>	<u>\$5,098,273</u>	<u>\$71,115,035</u>

Water and Sewer \$75,000,000 Note

Objective of the interest rate swap. In September 2005, the City entered into an interest rate swap with JP Morgan Chase Bank in connection with the \$75 million Shreveport Utility System Project Series 2005 Revenue Bonds. The bonds were initially issued in the weekly rate mode. The intention of the swap was to change weekly rate bonds to a synthetic fixed rate of 3.56%.

Terms. The bonds and the related swap agreement mature on October 1, 2026, and the swap's notional amount of \$75 million matches the \$75 million of variable-rate bonds. The swap was entered into at the same time the bonds were issued (September 2005). Starting in fiscal year 2013, the notional value of the swap and the principal amount of the associated debt will decline. Under the swap, the City pays the counterparty a fixed payment of 3.56% and receives a variable payment computed as 70% of LIBOR. Conversely, the bonds variable rate is based on weekly market rates.

Fair value. As of December 31, 2005, the swap had a negative fair value of \$673,804. The fair value was estimated using a proprietary valuation model which calculates the present value of future cash flows.

Credit risk. As of December 31, 2005, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty is rated A+ by Fitch Ratings, AA- by Standard & Poor's, and Aa2 by Moody's Investors Service as of December 31, 2005. The swap is guaranteed by Financial Security Assurance. The City will only be exposed to credit risk if the insurer's AAA credit rating falls below A from Standard & Poor's and below A2 from Moody's.

Basis risk. The swap exposes the City to basis risk should the relationship between LIBOR and the weekly interest rate converge, changing the synthetic rate on the bonds. If a change occurs that results in rates moving to convergence, the expected cost savings may not be realized.

Termination risk. The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the City if the insurer's rating falls below A from Standard & Poor's and below A2 from Moody's. If the swap is terminated, the bonds would no longer carry a synthetic interest rate. If at the time of termination, the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

Swap payments and associated debt. Using rates as of December 31, 2005, debt service requirements of the debt and net swap payments, assuming current interest rates remain the same for their term were as follows. As rates vary, bond interest payments and net swap payments will vary.

Fiscal Year Ending December 31	Variable-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net	Debt Service
2006	\$ -	\$ 2,685,000	\$ 417,420	\$ 3,102,420
2007	-	2,685,000	417,420	3,102,420
2008	-	2,685,000	417,420	3,102,420
2009	-	2,685,000	417,420	3,102,420
2010	-	2,685,000	417,420	3,102,420
2011-2015	4,420,000	13,307,039	2,068,761	19,795,800
2016-2020	29,415,000	10,577,647	1,644,439	41,637,086
2021-2025	33,495,000	5,134,615	798,247	39,427,862
2026	<u>7,670,000</u>	<u>274,586</u>	<u>42,688</u>	<u>7,987,274</u>
Total	<u>\$75,000,000</u>	<u>\$42,718,887</u>	<u>\$6,641,235</u>	<u>\$124,360,122</u>

IV. Other Information

A. Retirement Commitments - Defined Benefit Pension Plans and Defined Contribution Plan

The City of Shreveport administers three defined benefit pension plans: the Firemen's Pension and Relief Fund (FPRF), the Policemen's Pension and Relief Fund (PPRF) and the Employees' Retirement System (ERS). These plans do not issue stand-alone financial reports and are not included in the report of a public employee retirement system or another entity and are therefore included as combining statements under the sections entitled "Combining and Individual Fund Statements and Schedules".

Summary of Significant Accounting Policies

Basis of Accounting - The three City administered pension plans' financial statements are prepared using the accrual basis of accounting. Plan members contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. The cash surrender value of life insurance policies is recorded as another asset for the FPRF and PPRF. The policies are valued at their cash value as of the date of the financial statements. The policies provide assets to fund benefits of the plan.

Concentration of Investments

The FPRF, PPRF and ERS had no investments in any one organization representing 5% or more of the fund balance reserved for employees' pension benefits except for obligations of the federal government. There are no investments in loans to or leases with parties related to the pension plans.

Plan Descriptions and Contribution Information

Membership of each plan consisted of the following at December 31, 2005:

	<u>FPRF</u>	<u>PPRF</u>	<u>ERS</u>
Retirees and beneficiaries receiving benefits	371	200	776
Terminated plan members entitled to but not yet receiving benefits	-	-	45
Active plan members:			
Vested	64	3	608
Nonvested	-	-	<u>810</u>
Total	<u>435</u>	<u>203</u>	<u>2,239</u>
Number of participating employers	1	1	5

Administrative costs of the ERS are financed through contributions from the employer, members and investment income. Administrative costs of the FPRF and PPRF are financed through contributions from the employer and investment income.

The FPRF, PPRF and ERS do not have any legally required reserves.

Firemen's Pension and Relief Fund

Plan Description - The FPRF is a single-employer defined benefit pension plan that temporarily covers firefighters who retire after January 1, 1983 and meet the eligibility requirements of the local retirement plans but not the State plan.

Until January 1, 1983, the Firemen's Pension and Relief Fund provided the primary retirement benefits for two groups of employees. Firefighters hired before July 12, 1977 were covered under an "Old Plan". Firefighters hired on or after July 12, 1977 were covered by a "New Plan". Under the Old Plan, a firefighter was eligible to retire at any age with 20 years of service. Benefits are payable monthly for life equal to 50% of the fireman's monthly salary, plus 3 1/3% for each year of service between 20 and 25 years, plus 1 2/3% for each year of service between 25 and 30 years. Under the New Plan, a firefighter is eligible to retire at age 50 with 20 years of service or age 55 with 12 years of service. Benefits are 2 1/2% of three-year average pay times years of service up to 10, plus 3% of each year of service over 10. The benefit cannot exceed 85% of final salary. The City guarantees that it will pay the benefits under the Old and New Plans until the member is eligible for a benefit from the Statewide Firefighters Retirement System. It also guarantees to pay the excess benefit of these plans over the Statewide Firefighters Retirement System.

Disability benefits are payable under the Old Plan on the basis of: (1) temporary total disability in the line of duty, (2) total disability in the line of duty, (3) occupational disability in the line of duty, or (4) total disability not in the line of duty. Disability benefits payable are (1) 66 2/3% of the monthly salary, payable for no more than one year; (2) 66 2/3% of the salary of active members holding the position corresponding to that held by the disabled member at the time he became disabled is payable for the duration of the disability or until the member reaches eligibility for retirement on service basis, except the benefit will end as of the time when the member would have completed 30 years of service; (3) 50% of salary of active members holding the position corresponding to that held by the disabled, not to exceed 66 2/3% of first class hoseman's salary, payable for duration of disability or until eligible for service retirement; and (4) 25% of salary of active members holding the position corresponding to that held by the disabled member at the time he became disabled, plus an additional 2% of such salary for each year of service over 5 years, but not to exceed 50% of a first class hoseman's salary payable for the duration of the disability. Under the New Plan, the disability benefit is (1) 60% of the fireman's monthly salary or (2) 75% of the accrued benefit. The City guarantees it will pay any excess of the benefits of this plan over the Statewide Firefighters Retirement System.

Under the Old Plan, death benefits equal to 50% of a beginning fireman's salary are payable to a surviving spouse. The City guarantees that it will pay this benefit for each fireman holding a guarantee of benefits contract. Under the New Plan, there is not an automatic benefit provided. Death benefits are based on the option chosen by the member at retirement.

There was not a vesting provision under the Old Plan. Members were eligible for benefits only after serving the time requirement for normal retirement. Under the New Plan, members vest after twelve years service and may receive a benefit at age 50 with twenty years service or at age 55 with a minimum of twelve years service. Benefits are established and may be amended by State statutes.

The guaranteed benefits are paid to a closed group of firefighters. A significant part of the guaranteed benefits are the temporary benefits payable until age 50. The value of these temporary benefits can fluctuate widely, since it directly depends upon how many people retire before age 50.

Only the employer makes contributions on a pay-as-you-go basis. The employer contribution obligations are established and may be amended by State statutes. Contributions are made from the General Fund. The City's contribution rate is currently 30.9% of annual covered payroll.

Annual Pension Cost and Net Pension Obligation - The City's annual pension cost and net pension obligation to FPRF for the current year were as follows:

Annual required contribution	\$ 2,091,576
Interest on net pension obligation	17,628
Adjustment to annual required contribution	(30,867)
Annual pension cost	2,078,337
Contributions made	<u>1,228,535</u>
Increase in net pension obligation	849,802
Net pension obligation beginning of year	<u>220,355</u>
Net pension obligation end of year	\$ <u>1,070,157</u>

The net pension obligation is \$1,070,157 at December 31, 2005, and it is recorded in the governmental activities of the government-wide statement of net assets.

The annual required contribution for the current year was determined as part of the December 31, 2005 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return and (b) projected salary increases of 5% and cost-of-living adjustments of 3.5%. An inflation factor of 3.5% was used. The actuarial value of assets was determined using market value. The unfunded actuarial liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2005 was 11 years.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/03	\$ 866,648	101.2%	\$ 231,868
12/31/04	1,217,022	100.9	220,355
12/31/05	2,078,337	59.1	1,070,157

Policemen's Pension and Relief Fund

Plan Description - The PPRF is a single-employer defined benefit pension plan that temporarily covers policemen who retire after January 1, 1983 and meet the eligibility requirements of the local retirement plans but not the state plan.

Until July 12, 1977, all police officers hired became participants in the plan as a condition of employment. After July 12, 1977, all new policemen were placed directly into the State's Municipal Police Employees' Retirement System (MPERS). Currently only policemen who retire after January 1, 1983, and who meet the eligibility requirements for a retirement benefit from the local plan but not the state plan, are being paid from this fund. Under this plan, a policeman hired before 1969 can retire at any age with 20 years of service; policemen hired after 1968 can retire at any age with 25 years of service. Benefits are payable monthly at 66 2/3% of monthly salary, plus an additional 0.833% for each year of service over 20 served after July 12, 1977. An additional 1.66% is paid for each year of service over 25 if the employee was hired after 1968. The benefit cannot exceed 75% of the policeman's monthly salary. The City guarantees that it will pay the benefit under this plan until the member is eligible for the Municipal Police Employee's Retirement System. It guarantees to pay the excess benefits, if any, of this plan over the Municipal Police Employee's Retirement System for the life of the member.

Disability benefits are payable on the basis of: (1) temporary total disability in the line of duty; (2) total and permanent disability in the line of duty; and (3) occupational disability that is total and permanent and received in the line of duty which renders the member unable to function in his police duties. Benefits payable are: (1) 66 2/3% of monthly salary of active member holding a position corresponding to that which had been held by a disabled member at the time he became disabled. Payments will be made for no more than one year or benefits will continue until member becomes eligible for service retirement; or (2) 50% of monthly salary of active member holding a position corresponding to that which had been held by a disabled member at the time he became disabled. Benefits will continue until member becomes eligible for service retirement. The City guarantees that it will pay any excess of the benefits of this plan over the MPERS.

A death benefit is payable to a surviving spouse equal to 50% of a beginning policeman's salary. The City guarantees that it will pay this benefit for each policeman holding a guarantee-of-benefits only after serving the time requirement for normal retirement. Benefits are established and may be amended by State statutes.

The guaranteed benefits are paid to a closed group of policemen. A significant part of the guaranteed benefits are the temporary benefits payable until age 50.

Only the employer makes contributions. The employer contribution obligations are established and may be amended by State statutes. The funding approach is to amortize all benefits over 25 years. However, the contribution cannot be less than the expected benefit payments for the year. Contributions are made from the General Fund. The City's contribution rate is currently 481.2% of covered payroll.

Annual Pension Cost and Net Pension Asset - The City's annual pension cost and net pension asset to PPRF for the current year were as follows:

Annual required contribution	\$ 1,443,763
Interest on net pension asset	(66,749)
Adjustment to annual required contribution	<u>116,874</u>
Annual pension cost	1,493,888
Contributions made	<u>1,235,532</u>
Decrease in net pension asset	(258,356)
Net pension asset beginning of year	<u>834,357</u>
Net pension asset end of year	<u>\$ 576,001</u>

The net pension asset is \$576,001 at December 31, 2005, and it is recorded in the governmental activities of the government-wide statement of net assets.

The annual required contribution for the current year was determined as part of the December 31, 2005 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return and (b) projected salary increases of 5% and cost-of-living adjustments of 3.5%. An inflation factor of 3.5% was used. The actuarial value of assets was determined using market value. The unfunded actuarial liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2005 was 11 years.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
12/31/03	\$ 844,345	95.3%	\$877,948
12/31/04	1,279,124	96.6	834,357
12/31/05	1,493,888	82.7	576,001

Employees' Retirement System (ERS)

Plan Description - The ERS is a cost-sharing multiple employer defined benefit pension plan that covers all full-time classified employees of the City other than policemen and firemen and is administered by the City.

Non-City employees employed by the following organizations may become members in the system: Caddo Parish Library, Caddo-Shreveport Sales and Use Tax Commission, Caddo-Bossier Civil Defense Agency, Metropolitan Planning Commission, and other non-City employees recommended by the Board of Trustees and approved by the City Council. Appointed officials of the City and the Mayor have the option to join by filing an application within 90 days after taking office. However, by joining the retirement system, they may not participate in the deferred compensation program for appointed employees.

Prior to October 1, 1999, to be eligible for regular retirement benefits, members must have 30 years of service regardless of age or be age 65 with 10 years of service, and if hired before January 1, 1979 be 55 years of age with 20 years of service. If hired on or after January 1, 1979 members must be 55 years of age with 25 years of service or age 60 with 20 years of service. As of October 1, 1999, eligibility for regular retirement has been extended to any member who has 20 years of service at age 55. The difference before and after a hire of January 1, 1979 has been eliminated. Members become vested in the

system after ten years of creditable service. Benefit provisions are established and may be amended by City ordinance.

Benefits available to members hired before January 1, 1996, consist of an annuity, which is the actuarial equivalent of the employee's accumulated contributions; plus an annual pension, which together with the annuity, provides a total retirement allowance equal to 3% of average compensation times years of creditable service. Beginning January 1, 1996, the retirement allowance was increased to 3 1/3% of average compensation times years of creditable service for 1996 and future years of service. An early retirement provision has been implemented for any member who has at least ten years of service and is within ten years of a member's normal retirement age. The benefit is reduced. The plan allows members who have met eligibility requirements to defer receipt of benefits until termination. At December 31, 2005, there is \$2,529,590 being held for members in the Deferred Retirement Option Plan.

Prior to October 1, 1999, plan members were required by City ordinance to contribute 9% of compensation to the Plan. The City or other employers were required by the same ordinance to contribute 9.15% of compensation. As of October 1, 1999, member contributions were reduced to 5% of compensation while the City and other employers continued with a 9.15% total rate which is allocated between the Plan and the ERS Employer Contribution Plan which is a savings plan for members. Under this new employer allocation, 5.1% is contributed to the retirement plan and up to 4.05% is contributed to the savings plan based on a matching of member contributions. Any amounts not matched are contributed to the retirement plan. These percentages can vary from year to year based on actuarial evaluations, but in no case will the employer total rate of 9.15% change. Contribution amounts from plan members, the City and other employers may be amended by City ordinance. Effective October 1, 2002, the City's contributions to the savings plan were temporarily suspended in order to provide additional funding for the retirement plan. This increases the contribution to the retirement plan back to the full 9.15%. Contributions are made from the fund that the employee is paid from or from the organizations noted above. The contribution rate is currently 9.2% of annual covered payroll.

In February 2004, an ordinance was passed which changed the method of computation for cost-of-living increases. The new computation states that effective January 1 of each year, there will be a cost-of-living increase based on the Consumer Price Index (CPI) if certain conditions exist: 1) the CPI has increased a minimum of one percent 2) the funded percentage for the retirement system for the prior year is not under ninety percent 3) the retirement systems overall rate of return on investments for the prior year was equal to or exceeded the actuarial interest rate for funding. The maximum increase is limited to five per cent.

Annual Pension Cost and Net Pension Obligation - The City's annual pension cost and net pension obligation to ERS for the current year were as follows:

Annual required contribution	\$ 5,912,729
Interest on net pension asset	106,872
Adjustment to annual required contribution	(112,318)
Annual pension cost	5,907,283
Contributions made	<u>3,780,838</u>
Increase in net pension obligation	2,126,445
Net pension obligation beginning of year	<u>1,257,315</u>
Net pension obligation: end of year	<u>\$ 3,383,760</u>

The net pension obligation is \$3,383,760 at December 31, 2005 and is recorded in the governmental activities of the government-wide statement of net assets.

The annual required contribution for the current year was determined as part of the December 31, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumption included

(a) 8.5% investment rate of return and (b) projected salary increases of 3% plus age-related merit and seniority increases. An inflation factor of 3% was used. Cost-of-living adjustments are contingent on funding levels and overall rate of return on investments. The actuarial value of investments was determined using market value. The unfunded actuarial liability is being amortized as a level dollar amount on an open 30-year basis.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension (Asset) Obligation</u>
12/31/03	\$8,823,440	41.1%	\$(4,380,815)
12/31/04	9,252,093	39.1	1,257,315
12/31/05	5,907,283	64.0	3,383,760

Employees' Retirement System - Employer Contribution Plan

The ERS Employer Contribution Plan is a defined contribution plan that covers the same group of employees as described under the ERS plan and is administered by the City. A maximum amount of 4.05% of compensation is contributed to the plan based on a matching of member contributions. The match is 50% of contributions up to 4% of compensation and 25% of contributions exceeding 4% up to and including 6%. This is a total maximum of 2.5%. In addition, all members receive 1.55% of compensation with no matching requirements. These percentages can vary from year-to-year based on actuarial evaluations. This plan is established by City ordinance and may be amended. Effective October 1, 2002, the City's match of up to 2.5% and the non-matching contributions of 1.55% were temporarily suspended in order to provide additional funding for the retirement plan. Plan members are not required to contribute. Employer contributions are made from the fund the employee is paid from or from the organization described under the ERS plan. In 2005, the employing entities made no contributions.

Statewide Firefighters' Retirement System (SFRS)

Plan Description

The City of Shreveport contributes to the Statewide Firefighters' Retirement System Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Firefighters' Retirement System. SFRS covers firefighters employed by any municipality, parish, or fire protection district of the State of Louisiana under the provisions of Louisiana Revised Statutes 11:2251 through 2269 effective January 1, 1980. Benefits are established and may be amended by State statutes. The SFRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Board of Trustees, Firefighters' Retirement System, 2051 Silverside Drive, Suite 210, Baton Rouge, Louisiana 70808-4136 or by calling 504-925-4060.

Funding Policy

Plan members are required to contribute 8% of their annual compensation and the City is currently required to contribute 18% of annual compensation, excluding overtime but including State supplemental pay. Prior to July 1, 2003, the City's contribution rate was 9.0%. The contribution requirements of plan members and the City are established and may be amended by the SFRS Board of Trustees. The City's contributions to SFRS for the years ending December 31, 2005, 2004, and 2003 were \$5,647,222, \$7,990,196, and \$2,163,591, respectively, equal to the required contributions for each year. The plans

pension liability was determined in accordance with GASB Statement Number 27 and equaled zero before and after the transition.

Municipal Police Employees Retirement System (MPERS)

Plan Description

The City of Shreveport contributes to the Municipal Police Employees Retirement System Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Municipal Police Employees' Retirement System. MPERS covers any full-time police officer, empowered to make arrests, employed by a municipality of the State and engaged in law enforcement, earning at least \$375 per month excluding state supplemental pay, or an elected Chief of Police whose salary is at least \$100 per month, and any employee of this system may participate in the MPERS. Benefits are established and may be amended by State statutes. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Board of Trustees of the Municipal Police Employees' Retirement System, 8401 United Plaza Blvd., Room 305, Baton Rouge, Louisiana 70806 or by calling 1-800-443-4248.

Funding Policy

Plan members are required to contribute 7.5% of their annual compensation and the City is currently required to contribute 16.25% of annual compensation, excluding overtime but including State supplemental pay. Prior to July 1, 2003, the City's contribution rate was 9.0%. The contribution requirements of plan members and the City are established and may be amended by State statute. The City's contributions to MPERS for the years ending December 31, 2005, 2004, and 2003 were \$4,470,784, \$4,087,599, and \$2,716,359, respectively, equal to the required contributions for each year. The plans pension liability was determined in accordance with GASB Statement Number 27 and equaled zero before and after the transition.

B. Transit System

The Shreveport Area Transit System (Transit System) is managed and operated for the City by a management company pursuant to an agreement which expires September 30, 2006. Based on terms of the agreement, management fees included in operating expenses were \$199,200. The City is required to reimburse the management company for the excess of expenses over revenues derived from the operation of the Transit System. Pursuant to an agreement between the City of Shreveport and the City of Bossier City, Bossier City will pay the Transit System for the excess of expenses incurred over revenues derived from operations of transit services in Bossier City. The City reimbursed the Transit System \$4,362,311. Bossier City reimbursed the Transit System \$573,570.

C. Post-Employment Health Care Benefits

In addition to providing pension benefits, the City provides medical and dental care coverage for any retiree who receives a monthly retirement check from one of the City's retirement plans. Retirees may also continue to cover their dependents after their retirement. Currently, there are 1,245 retirees who are eligible to receive benefits. The City's contribution is equal to 50% of the cost of the base plan. Provisions of the plan and obligations to contribute are established in the City Charter.

The post-employment medical and dental care benefits are accounted for in the City's Health Care Internal Service Fund along with medical and dental benefits for active employees. The benefits are recognized as expenses when claims are incurred. At year-end, an estimate is made for incurred but not reported claims. The actual cost of the post-employment benefits is based directly on the amount of claims actually incurred. The costs are funded on a pay-as-you-go basis. For 2005, the total costs to the City for the retirees' medical premium and dental benefits were \$2,822,370.

D. Contingencies

Litigation

The City is a defendant in various lawsuits in addition to those accrued in the Retained Risk Fund. These lawsuits have not been accrued because the amount of the loss cannot be reasonably estimated at this time. It is the City's opinion that resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grant Disallowances

The City participates in a number of federally assisted grant programs, principal of which are the Workforce Investment Act, Community Development Block Grant, and various construction grants. These programs are subject to program compliance audits under the Single Audit Act. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. City management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

E. Landfill and Sludge Facility Closure and Post-Closure Care Cost

State and federal laws and regulations require the City to place a final cover on its Woolworth Road landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The City has entered into a sanitary landfill services contract with a contractor. The contractor is responsible for the operation and closure of that portion of the landfill on which it conducted operations. The City is responsible for the maintenance and construction of all monitoring facilities and the conduct of all monitoring programs. If the contractor defaults on the contract, the City would be liable for all costs. We have reviewed the financial capability and stability of the contractor to ensure that the contractor will be able to meet the closure obligations when they are due. We believe that the contractor will be able to meet the obligations. An amount of \$2,306,388 has been reported at December 31, 2005 for post-closure care cost and represents the cumulative costs reported based on 39% of the capacity of the landfill having been used to date. The landfill has an estimated remaining life of 24 years. This amount has been accrued in the government-wide financial statements within the governmental activities and has been reported as a designation of fund balance in the General Fund. The estimated total current cost of post-closure care remaining to be recognized is \$3,607,427. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The estimated closure of the sludge facility is \$8,100. This amount has been accrued in the business-like activities as a liability in the Water and Sewerage Fund. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is the permit holder for the landfill and the sludge facility, and Louisiana Solid Waste Rules and Regulations require all permit holders to demonstrate financial responsibility by one of a group of financial tests contained within the regulations. The City has demonstrated its financial responsibility by the fact that the tangible net worth of the City is at least \$10 million, the net worth is at least six times the estimate of the closure and post-closure costs, and at least 90% of the assets are located in the United States.

F. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. All self-insurance programs are accounted for within Internal Service Funds. The City has included incurred but not reported claims in determining its claims liability in both self-insurance programs.

The Retained Risk Fund is used to account for self-insurance activities involving property damage, workers' compensation and general liability claims. The City is retaining the risk for its automobile and general liability exposures, except for exposures related to Fire Department vehicles. Liability policies are maintained with third-party insurance carriers for the City's fire vehicles, the drivers, and attendants. *The Municipal and Regional Airports are insured with a third-party carrier with liability limits to \$200 million combined single limit.* The liability for workers' compensation was insured with a third-party insurance carrier with statutory limits in excess of the City's self-insured retention. The City retains \$500,000 of liability per occurrence for Louisiana Workers' Compensation benefits, and for U.S. Longshoremen and Harbors Workers Act, Jones Act, and other Maritime Act benefits per occurrence on its excess workers' compensation policy. The City retains \$1,350,000 per occurrence of loss pursuant to the provisions of a Commercial General Liability Policy which also provides coverage for Law Enforcement Liability, including the operation of the City jail. Property insurance was maintained with a third-party carrier subject to a \$50,000 per occurrence of loss deductible. Property coverage was also maintained with third-party carriers on heavy equipment and boilers and machinery.

There were no reductions in insurance coverage from coverage in the prior year. No property damage claim has exceeded the City's insurance coverage during the past three fiscal years.

Payments to the Retained Risk Fund are accounted for as revenues by the receiving fund and expenditures/expenses by the paying funds. Payments into the fund are available to pay claims and administrative costs of the program. Payments in excess of actual expenses are recorded as transfers. At December 31, 2005, the total net assets of \$7,043,430 were designated for future catastrophic losses.

Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors, including the effects of specific, incremental claim adjustment expenses, salvage and subrogation. No other allocated or unallocated claim adjustment expenses are included. The claims liability of \$10,370,659 reported in the fund at December 31, 2005 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount in fiscal years 2004 and 2005 were:

Retained Risk Fund

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	Balance at Fiscal <u>Year-end</u>
2004	\$7,538,744	\$9,302,144	\$9,305,592	\$ 7,535,296
2005	7,535,296	9,763,869	6,928,506	10,370,659

The City also maintains a self-insurance program to cover medical and dental care claims of City employees, retirees, and dependents. This program is accounted for in the Employees Health Care Fund, an Internal Service Fund.

Changes in the fund's claims liability amount in fiscal years 2004 and 2005 were:

Employees Health Care Fund

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-end</u>
2004	\$4,438,735	\$16,467,982	\$17,352,247	\$3,554,470
2005	3,554,470	15,795,174	15,890,668	3,458,976

G. Compensation Paid to Council Members

<u>Council Member</u>	<u>Compensation</u>
Calvin B. Lester, Jr., District A	\$15,434
Richard M. Walford, District B	15,225
Thomas G. Carmody, Jr., District C	15,225
Cynthia Robertson, District D	2,999
Jeffery A. Hogan, District E	15,225
James E. Green, District F	16,458
Theron J. Jackson, District G	<u>15,225</u>
	<u>\$95,791</u>

H. Subsequent Events

In February 2006, the City issued \$11,315,000 of Water and Sewer Revenue Bonds, 2006 Refunding Series A. The bonds were issued to refund a portion of the Water and Sewer Revenue Bonds, 1997 Refunding Series A and Water and Sewer Revenue Bonds, 2000 Series A.

CITY OF SHREVEPORT, LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
FISCAL YEARS ENDED DECEMBER 31, 2000 THROUGH DECEMBER 31, 2005
(UNAUDITED)

Year Ended December 31,	Employer Contributions					
	PPRF		PPRF		ERS	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2000	\$ 635,221	100.0%	\$ 883,947	100.0%	\$ 2,373,618	92.5%
2001	736,703	113.9	890,371	100.0	2,259,514	94.1
2002	689,618	99.0	735,295	103.6	4,533,371	56.9
2003	877,210	100.0	804,354	100.0	8,746,333	41.5
2004	1,228,535	100.0	1,235,533	100.0	9,233,118	39.1
2005	2,091,576	58.7	1,443,763	85.58	5,912,729	63.9

CITY OF SHREVEPORT, LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
FISCAL YEARS ENDED DECEMBER 31, 2000 THROUGH DECEMBER 31, 2005
(UNAUDITED)

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL)	Unfunded AAL (UAAI) (2-1)	Funded Ratio (1/2)	Covered Payroll	UAAI as a Percentage of Covered Payroll (3/5)
FPRF						
12/31/00	\$9,130,000	\$14,580,583	\$5,450,583	62.6%	\$6,137,631	88.8%
12/31/01	9,656,613	14,456,922	4,800,309	66.8	6,366,279	75.4
12/31/02	9,364,621	15,338,375	5,973,734	61.1	6,321,556	94.5
12/31/03	10,046,806	18,213,703	8,166,897	55.2	6,225,182	131.2
12/31/04	10,648,644	24,733,533	14,084,889	43.1	4,029,125	349.6
12/31/05	11,111,469	24,034,935	12,923,466	46.2	3,978,077	324.9
PPRF						
12/31/00	6,187,000	13,182,000	6,995,000	46.9	1,647,000	424.7
12/31/01	6,998,000	12,548,000	5,550,000	55.8	1,685,000	329.4
12/31/02	7,240,269	13,177,286	5,937,017	54.9	892,608	665.1
12/31/03	7,684,138	16,489,611	8,805,473	46.6	442,696	1,989.1
12/31/04	8,465,793	18,742,368	10,276,575	45.2	321,228	3,199.2
12/31/05	9,198,733	18,559,813	9,361,080	49.6	256,764	3,645.8
ERS						
12/31/00	182,972,000	184,931,000	1,959,000	98.9	35,441,000	5.5
12/31/01	175,992,000	200,328,000	24,336,000	87.9	36,592,000	66.5
12/31/02	154,413,000	221,956,000	67,543,000	69.6	37,726,000	179.0
12/31/03	172,751,000	241,897,000	69,236,000	71.4	38,552,000	179.6
12/31/04	180,013,000	217,866,000	37,853,000	82.6	39,429,000	96.0
12/31/05	181,305,000	234,183,000	52,878,000	77.4	40,885,000	129.3



Nonmajor Governmental Funds Special Revenue Funds

Special revenue funds are used for specific revenues that are legally restricted to expenditures for particular purposes.

Enrichment Fund - This fund is used to account for donations held for the purpose of enrichment and improvement of City facilities and services.

Riverfront Development Fund - This fund accounts for the collection and disbursement of funds from the riverfront gaming activities.

Police Grants Fund - This fund accounts for the collection and disbursement of various state and federal grants to the City of Shreveport Police Department.

Downtown Entertainment Economic Development Fund - This fund is used to account for incremental sales tax revenues collected from the development area to promote development of the area and associated projects.

Redevelopment Fund - This fund is used to acquire and land bank vacant adjudicated property for future redevelopment projects and to acquire other property for current redevelopment projects in redevelopment areas.

Environmental Grants Fund - This fund accounts for grants received for Brownfields assessment, cleanup loan fund, job training, and economic development.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Miscellaneous General Obligation Bond Funds - These funds are used to account for bonds issued for the purpose of constructing and/or improving streets, public safety, drainage systems, waste disposal, parks, an industrial park, and a Sportran maintenance facility.

Miscellaneous Capital Projects Fund - This fund is used to account for various projects funded by miscellaneous sources other than general obligation bonds.

1999 General Obligation Bond Fund - This fund is used to account for bonds issued for the purpose of constructing and/or improving public safety, parks and recreation, streets, the Riverfront, and drainage systems.

1999A General Obligation Bond Fund - This fund is used to account for bonds issued for the purpose of construction of a new convention center and a multicultural museum.

2003A General Obligation Bond Fund - This fund is used to account for bonds issued for the purpose of constructing, acquiring, and improving works of neighborhood public improvement, recreation facilities, and police and fire facilities.

**CITY OF SHREVEPORT, LOUISIANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	Special Revenue Funds						
	Downtown						
	Entertainment						
	Economic						
	Development						
	Redevelopment						
	Environmental						
	Enrichment	Riverfront	Police	Economic	Redevelopment	Grants	Total
		Development	Grants	Development			
ASSETS							
Cash and cash equivalents	\$ 365,947	\$ 894,234	\$ 279,639	\$ 39,122	\$ -	\$ 140,385	\$ 1,719,327
Investments	675,164	1,649,841	515,927	72,178	-	259,006	3,172,116
Accounts receivable, net	-	1,047,044	-	-	-	-	1,047,044
Due from other governments	-	-	338,229	-	-	875	339,104
Due from other funds	-	-	-	-	-	-	-
Assets held for resale	-	-	-	-	121,430	-	121,430
Total assets	<u>\$ 1,041,111</u>	<u>\$ 3,591,119</u>	<u>\$ 1,133,795</u>	<u>\$ 111,300</u>	<u>\$ 121,430</u>	<u>\$ 400,266</u>	<u>\$ 6,399,021</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 13,573	\$ 158,466	\$ -	\$ -	\$ -	\$ -	\$ 172,039
Due to other funds	-	2,103,284	-	-	50,128	-	2,153,412
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	<u>13,573</u>	<u>2,261,750</u>	<u>-</u>	<u>-</u>	<u>50,128</u>	<u>-</u>	<u>2,325,451</u>
Fund balance:							
Reserved for:							
Encumbrances	50,644	252,379	898,371	-	-	183,170	1,314,564
Assets held for resale	-	-	-	-	121,430	-	121,430
Unreserved:							
Designated for subsequent year's expenditures	976,894	1,076,990	235,424	111,300	-	217,096	2,617,704
Unreserved, undesignated	-	-	-	-	(50,128)	-	(50,128)
Total fund balance	<u>1,027,538</u>	<u>1,329,369</u>	<u>1,133,795</u>	<u>111,300</u>	<u>71,302</u>	<u>400,266</u>	<u>4,073,570</u>
Total liabilities and fund balance	<u>\$ 1,041,111</u>	<u>\$ 3,591,119</u>	<u>\$ 1,133,795</u>	<u>\$ 111,300</u>	<u>\$ 121,430</u>	<u>\$ 400,266</u>	<u>\$ 6,399,021</u>

The accompanying notes are an integral part of the financial statements.

Capital Project Funds

Miscellaneous General Obligation Bond Funds	Miscellaneous Capital Projects Fund	1999 General Obligation Bond Fund	1999A General Obligation Bond Fund	2003A General Obligation Bond Fund	Total	Total Nonmajor Governmental Funds
\$ 4,364,320	\$ 1,398,473	\$ 2,884,380	\$ 3,362,392	\$ -	\$ 12,009,565	\$ 13,728,892
8,488,144	418,327	5,321,613	6,203,533	28,142,930	48,574,547	51,746,663
2,762	-	14,017	-	52,119	68,898	1,115,942
2,053,640	504,076	613,901	-	-	3,171,617	3,510,721
131,200	1,972,084	7,183,193	11,580,843	-	20,867,320	20,867,320
-	-	-	-	-	-	121,430
<u>\$ 15,040,066</u>	<u>\$ 4,292,960</u>	<u>\$ 16,017,104</u>	<u>\$ 21,146,768</u>	<u>\$ 28,195,049</u>	<u>\$ 84,691,947</u>	<u>\$ 91,090,968</u>
\$ 1,776,430	\$ 1,100,270	\$ 811,149	\$ 7,295,148	\$ -	\$ 10,982,997	\$ 11,155,036
1,612,327	-	-	-	968,249	2,580,576	4,733,988
-	-	12,866	-	-	12,866	12,866
<u>3,388,757</u>	<u>1,100,270</u>	<u>824,015</u>	<u>7,295,148</u>	<u>968,249</u>	<u>13,576,439</u>	<u>15,901,890</u>
8,455,137	29,983,304	2,113,469	4,320,118	58,000	44,930,028	46,314,592
-	-	-	-	-	-	121,430
3,196,172	(26,790,614)	13,079,620	9,531,502	27,168,800	26,185,480	28,803,184
-	-	-	-	-	-	(50,128)
<u>11,651,309</u>	<u>3,192,690</u>	<u>15,193,089</u>	<u>13,851,620</u>	<u>27,226,800</u>	<u>71,115,508</u>	<u>75,189,078</u>
<u>\$ 15,040,066</u>	<u>\$ 4,292,960</u>	<u>\$ 16,017,104</u>	<u>\$ 21,146,768</u>	<u>\$ 28,195,049</u>	<u>\$ 84,691,947</u>	<u>\$ 91,090,968</u>

CITY OF SHREVEPORT, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Special Revenue Funds						
	Downtown						
	Entertainment						
	Economic						
	Development	Redevelopment	Environmental	Grants	Total		
	Enrichment	Riverfront Development	Police Grants	Economic Development	Redevelopment	Environmental Grants	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 1,820,742	\$ -	\$ -	\$ 37,188	\$ 1,857,930
Gaming	-	11,617,496	-	-	-	-	11,617,496
Investment earnings	28,093	185,064	4,925	-	596	10,567	229,245
Miscellaneous	459,030	912,876	1,520	223,647	9,951	-	1,607,024
Total revenues	487,123	12,715,436	1,827,187	223,647	10,547	47,755	15,311,695
EXPENDITURES							
Current:							
General government	-	-	-	2,328	-	49,640	51,968
Public safety	245,629	-	1,262,023	-	-	-	1,507,652
Culture and recreation	64,194	-	-	-	-	-	64,194
Economic development	-	4,921,223	-	-	10,131	-	4,931,354
Capital outlay	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Total expenditures	309,823	4,921,223	1,262,023	2,328	10,131	49,640	6,555,168
Excess (deficiency) of revenues over (under) expenditures	177,300	7,794,213	565,164	221,319	416	(1,885)	8,756,527
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	536,433	-	-	-	536,433
Transfers out	-	(8,247,559)	-	(125,000)	-	-	(8,372,559)
Refunding bonds issued	-	-	-	-	-	-	-
Total other financing sources and uses	-	(8,247,559)	536,433	(125,000)	-	-	(7,836,126)
Net change in fund balances	177,300	(453,346)	1,101,597	96,319	416	(1,885)	920,401
Fund balances—beginning	850,238	1,782,715	32,198	14,981	70,886	402,151	3,153,169
Fund balances—ending	\$ 1,027,538	\$ 1,329,369	\$ 1,133,795	\$ 111,300	\$ 71,302	\$ 400,266	\$ 4,073,570

The accompanying notes are an integral part of the financial statements.

Capital Project Funds						Total Nonmajor Governmental Funds
Miscellaneous General Obligation Bond Funds	Miscellaneous Capital Projects Fund	1999 General Obligation Bond Fund	1999A General Obligation Bond Fund	2003A General Obligation Bond Fund	Total	
\$ 5,862,706	\$ 933,456	\$ 411,104	\$ -	\$ -	\$ 7,227,266	\$ 9,085,196
-	-	-	-	-	-	11,617,496
221,988	52,780	555,872	970,358	891,692	2,692,690	2,921,933
772,612	28,982	253,653	-	-	1,055,247	2,662,271
6,857,306	1,035,218	1,220,629	970,358	891,692	10,975,203	26,286,898
-	-	-	-	-	-	51,968
-	-	-	-	-	-	1,507,652
-	-	-	-	-	-	64,194
-	-	-	-	-	-	4,931,354
19,944,981	2,784,503	3,749,108	30,987,087	-	57,465,679	57,465,679
-	31,623	-	-	-	31,623	31,623
19,944,981	2,816,126	3,749,108	30,987,087	-	57,497,302	64,052,470
(13,087,675)	(1,780,908)	(2,528,479)	(30,016,729)	891,692	(46,522,099)	(37,765,572)
11,013,908	2,051,794	460,920	-	-	13,526,622	14,063,055
(1,840,641)	(69,738)	(2,848,994)	-	(7,927,764)	(12,687,137)	(21,059,696)
-	-	-	323,099	-	323,099	323,099
9,173,267	1,982,056	(2,388,074)	323,099	(7,927,764)	1,162,584	(6,673,542)
(3,914,408)	201,148	(4,916,553)	(29,693,630)	(7,036,072)	(45,359,515)	(44,439,114)
15,565,717	2,991,542	20,109,642	43,545,250	34,262,872	116,475,023	119,628,192
\$ 11,651,309	\$ 3,192,690	\$ 15,193,089	\$ 13,851,620	\$ 27,226,800	\$ 71,115,508	\$ 75,189,078

CITY OF SHREVEPORT, LOUISIANA
RIVERFRONT DEVELOPMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ 81,000	\$ 81,000	\$ 185,064	\$ 104,064
Gaming	13,150,000	13,150,000	11,617,496	(1,532,504)
Miscellaneous	855,000	855,000	912,876	57,876
Total revenues	<u>14,086,000</u>	<u>14,086,000</u>	<u>12,715,436</u>	<u>(1,370,564)</u>
EXPENDITURES				
Current:				
Economic development:				
Salaries, wages and employee benefits	278,100	278,100	265,549	12,551
Materials and supplies	3,200	3,200	996	2,204
Contractual services	2,080,567	2,080,567	2,105,608	(25,041)
Other charges	<u>2,901,710</u>	<u>2,901,710</u>	<u>2,801,449</u>	<u>100,261</u>
Total expenditures	<u>5,263,577</u>	<u>5,263,577</u>	<u>5,173,602</u>	<u>89,975</u>
Excess of revenues over expenditures	<u>8,822,423</u>	<u>8,822,423</u>	<u>7,541,834</u>	<u>(1,280,589)</u>
OTHER FINANCING USES				
Transfers out	<u>(8,274,400)</u>	<u>(8,274,400)</u>	<u>(8,247,559)</u>	<u>26,841</u>
Total other financing uses	<u>(8,274,400)</u>	<u>(8,274,400)</u>	<u>(8,247,559)</u>	<u>26,841</u>
Net change in fund balance	548,023	548,023	(705,725)	(1,253,748)
Fund balances -beginning	<u>1,782,715</u>	<u>1,782,715</u>	<u>1,782,715</u>	<u>-</u>
Fund balances-ending	<u>\$ 2,330,738</u>	<u>\$ 2,330,738</u>	<u>\$ 1,076,990</u>	<u>\$ (1,253,748)</u>
Net change in fund balance (Budget basis)			\$ (705,725)	
Adjustments:				
Encumbrances			<u>252,379</u>	
Net change in fund balance (GAAP basis)			<u>\$ (453,346)</u>	

The accompanying notes are an integral part of the financial statements.

Nonmajor Enterprise Funds

Enterprise funds are used to account for the acquisition, operation, and maintenance of facilities and services which are entirely or predominantly self-supported by user charges. The operations of enterprise funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

Shreveport Area Transit System - This fund accounts for the activities necessary to provide bus service for the residents of the City.

Golf - This fund is used to account for the operations of the City's three golf courses. The fund's operations are financed by greens fees, golf equipment rentals, merchandise sales, memberships, and concession sales to the public.

Downtown Parking Fund - This fund is used to account for parking revenues to promote improved parking facilities in the downtown area.

CITY OF SHREVEPORT, LOUISIANA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2005

	Shreveport Area Transit System	Golf	Downtown Parking	Total Nonmajor Enterprise Funds
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 575,275	\$ 37,429	\$ 72,848	\$ 685,552
Investments	98,792	69,055	134,403	302,250
Receivables, net	211,529	202,719	-	414,248
Due from other funds	578,369	-	-	578,369
Due from other governments	323,207	-	-	323,207
Inventories	359,187	16,620	-	375,807
Prepaid items	161,209	-	-	161,209
Total current assets	2,307,568	325,823	207,251	2,840,642
Capital Assets:				
Land	1,940,408	-	-	1,940,408
Buildings	8,298,792	268,840	-	8,567,632
Improvements other than buildings	-	868,530	-	868,530
Equipment	14,110,008	583,413	-	14,693,421
Less accumulated depreciation	(9,857,008)	(708,005)	-	(10,565,013)
Total noncurrent assets	14,492,200	1,012,778	-	15,504,978
Total assets	16,799,768	1,338,601	207,251	18,345,620
LIABILITIES				
Current Liabilities:				
Accounts payable	149,260	13,684	1,308	164,252
Accrued liabilities	539,342	1,458	-	540,800
Due to component unit	-	-	34,663	34,663
Deferred revenue	-	65,892	-	65,892
Leases payable	-	37,732	-	37,732
Compensated absences	202,744	18,065	-	220,809
Total current liabilities	891,346	136,831	35,971	1,064,148
Noncurrent Liabilities:				
Leases payable	-	164,472	-	164,472
Compensated absences	-	49,451	-	49,451
Total noncurrent liabilities	-	213,923	-	213,923
Total liabilities	891,346	350,754	35,971	1,278,071
NET ASSETS				
Invested in capital assets, net of related debt	14,492,200	1,012,778	-	15,504,978
Unrestricted (deficit)	1,416,222	(24,931)	171,280	1,562,571
Total Net Assets	\$ 15,908,422	\$ 987,847	\$ 171,280	\$ 17,067,549

The accompanying notes are an integral part of the financial statements.

CITY OF SHREVEPORT, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Shreveport Area Transit System	Golf	Downtown Parking	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 1,983,615	\$ 1,361,410	\$ 551,857	\$ 3,896,882
Miscellaneous	66,849	21,961	-	88,810
Total operating revenues	<u>2,050,464</u>	<u>1,383,371</u>	<u>551,857</u>	<u>3,985,692</u>
OPERATING EXPENSES				
Personal services	5,895,977	878,470	-	6,774,447
Contractual services and other expenses	1,657,793	260,177	417,800	2,335,770
Utilities	129,779	98,653	-	228,432
Repairs and maintenance	59,738	20,746	-	80,484
Materials and supplies	1,735,365	227,346	-	1,962,711
Depreciation	1,102,565	84,759	-	1,187,324
Total operating expenses	<u>10,581,217</u>	<u>1,570,151</u>	<u>417,800</u>	<u>12,569,168</u>
Operating income (loss)	<u>(8,530,753)</u>	<u>(186,780)</u>	<u>134,057</u>	<u>(8,583,476)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	-	1,330	12,740	14,070
Intergovernmental	2,581,248	-	-	2,581,248
Loss on disposal of capital assets	-	(2,041)	-	(2,041)
Total nonoperating revenues (expenses)	<u>2,581,248</u>	<u>(711)</u>	<u>12,740</u>	<u>2,593,277</u>
Income (loss) before contributions and transfers	(5,949,505)	(187,491)	146,797	(5,990,199)
Capital contributions	2,041,080	-	-	2,041,080
Transfers in	5,471,139	225,000	-	5,696,139
Transfers out	-	-	(900,000)	(900,000)
Change in net assets	1,562,714	37,509	(753,203)	847,020
Total net assets-beginning	<u>14,345,708</u>	<u>950,338</u>	<u>924,483</u>	<u>16,220,529</u>
Total net assets-ending	<u>\$ 15,908,422</u>	<u>\$ 987,847</u>	<u>\$ 171,280</u>	<u>\$ 17,067,549</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SHREVEPORT, LOUISIANA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Shreveport Area Transit System	Golf	Downtown Parking	Total Nonmajor Enterprise Funds
Cash flows from operating activities:				
Receipts from operations	\$ 1,779,087	\$ 1,408,821	\$ 551,857	\$ 3,739,765
Payments to suppliers	(3,605,394)	(526,237)	(415,829)	(4,547,460)
Payments to employees	(5,845,979)	(876,226)	-	(6,722,205)
Other receipts	66,849	-	-	66,849
Other payments	-	(84,999)	-	(84,999)
Net cash provided by (used in) operating activities	(7,605,437)	(78,641)	136,028	(7,548,050)
Cash flows from noncapital financing activities:				
Subsidy from federal grant	2,535,423	-	-	2,535,423
Transfers in	5,471,139	225,000	-	5,696,139
Net cash provided by noncapital financing activities	8,006,562	225,000	-	8,231,562
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(2,362,462)	(202,204)	-	(2,564,666)
Capital grants	2,065,739	-	-	2,065,739
Transfers out	-	-	(900,000)	(900,000)
Contributed capital by others	110,418	-	-	110,418
Net cash provided by (used in) capital and related financing activities	(186,305)	(202,204)	(900,000)	(1,288,509)
Cash flows from investing activities:				
Purchase of investments	81,187	(5,959)	-	(5,959)
Proceeds from sale and maturity of investments	-	-	241,226	322,413
Interest	-	1,329	12,740	14,069
Net cash provided by (used in) investing activities	81,187	(4,630)	253,966	330,523
Net increase (decrease) in cash and cash equivalents	296,007	(60,475)	(510,006)	(274,474)
Cash and cash equivalents - beginning of year	279,268	97,904	582,854	960,026
Cash and cash equivalents - end of year	\$ 575,275	\$ 37,429	\$ 72,848	\$ 685,552

	Shreveport Area Transit System	Golf	Downtown Parking	Total Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (8,530,753)	\$ (186,780)	\$ 134,057	\$ (8,583,476)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,102,565	84,759	-	1,187,324
(Increase)Decrease in assets:				
Receivables	(47,658)	(108)	-	(47,766)
Due from other funds	(28,022)	-	-	(28,022)
Inventories	(54,934)	(650)	-	(55,584)
Prepaid items	4,466	-	-	4,466
Increase(Decrease) in liabilities:				
Accounts payable	33,692	3,987	1,971	39,650
Accrued liabilities	(91,873)	(12,204)	-	(104,077)
Deferred revenue	-	24,496	-	24,496
Compensated absences	7,080	7,859	-	14,939
Total adjustments	925,316	108,139	1,971	1,035,426
Net cash provided by (used in) operating activities	\$ (7,605,437)	\$ (78,641)	\$ 136,028	\$ (7,548,050)
Non-cash investing, capital and financing activities:				

The Golf Fund had a loss on disposal of capital assets of \$2,041.

The accompanying notes are an integral part of the financial statements.



Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City, and to other government, on a cost reimbursement basis.

Employees Health Care Fund - This fund is used to account for self-insurance activities involving medical and dental care claims by the City's employees, retirees, and dependents.

Retained Risk Fund - This fund is used to account for self-insurance activities involving property damage, worker's compensation and general liability claims.

Fleet Services Fund - This fund is used to account for maintenance of the City's fleet with the exception of Fire, Sportran, and Airport.

CITY OF SHREVEPORT, LOUISIANA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2005

	Employees Health Care	Retained Risk	Fleet Services	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 6,905,712	\$ 3,577,869	\$ -	\$ 10,483,581
Investments	-	6,606,619	-	6,606,619
Receivables, net	1,673,703	-	89,906	1,763,609
Due from other funds	-	6,853,948	-	6,853,948
Inventories	-	-	247,533	247,533
Prepaid items	-	394,454	-	394,454
Total current assets	<u>8,579,415</u>	<u>17,432,890</u>	<u>337,439</u>	<u>26,349,744</u>
Noncurrent Assets:				
Capital Assets:				
Land	-	-	62,000	62,000
Buildings	-	-	913,088	913,088
Equipment	-	14,192	690,012	704,204
Less accumulated depreciation	-	(11,630)	(1,062,743)	(1,074,373)
Total noncurrent assets	-	<u>2,562</u>	<u>602,357</u>	<u>604,919</u>
Total assets	<u>8,579,415</u>	<u>17,435,452</u>	<u>939,796</u>	<u>26,954,663</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	-	7,126	42,297	49,423
Due to other funds	875,681	-	554,154	1,429,835
Compensated absences	-	1,687	11,433	13,120
Lease payable	-	-	16,787	16,787
Claims and judgments	<u>3,458,976</u>	<u>10,370,659</u>	-	<u>13,829,635</u>
Total current liabilities	<u>4,334,657</u>	<u>10,379,472</u>	<u>624,671</u>	<u>15,338,800</u>
Noncurrent Liabilities:				
Lease payable	-	-	73,119	73,119
Compensated absences	-	<u>9,988</u>	<u>67,794</u>	<u>77,782</u>
Total noncurrent liabilities	-	<u>9,988</u>	<u>140,913</u>	<u>150,901</u>
Total liabilities	<u>4,334,657</u>	<u>10,389,460</u>	<u>765,584</u>	<u>15,489,701</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	2,562	512,451	515,013
Unrestricted (deficit)	<u>4,244,758</u>	<u>7,043,430</u>	<u>(338,239)</u>	<u>10,949,949</u>
Total net assets	<u>\$ 4,244,758</u>	<u>\$ 7,045,992</u>	<u>\$ 174,212</u>	<u>\$ 11,464,962</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SHREVEPORT, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Employees Health Care</u>	<u>Retained Risk</u>	<u>Fleet Services</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES				
Charges for services	\$ 18,461,277	\$ 12,082,823	\$ 3,609,107	\$ 34,153,207
Miscellaneous	<u>287,046</u>	<u>1,485,956</u>	<u>1,341</u>	<u>1,774,343</u>
Total operating revenues	<u>18,748,323</u>	<u>13,568,779</u>	<u>3,610,448</u>	<u>35,927,550</u>
OPERATING EXPENSES				
Personal services	61,372	243,690	1,314,944	1,620,006
Contractual services and other expenses	1,816,613	1,997,805	184,120	3,998,538
Utilities	-	-	22,412	22,412
Repairs and maintenance	-	-	1,117,972	1,117,972
Materials and supplies	4,200	5,291	1,120,663	1,130,154
Claims	15,795,174	9,763,869	-	25,559,043
Depreciation	<u>-</u>	<u>50</u>	<u>68,558</u>	<u>68,608</u>
Total operating expenses	<u>17,677,359</u>	<u>12,010,705</u>	<u>3,828,669</u>	<u>33,516,733</u>
Operating income (loss)	<u>1,070,964</u>	<u>1,558,074</u>	<u>(218,221)</u>	<u>2,410,817</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	122,021	291,288	-	413,309
Interest expense	-	-	(14,021)	(14,021)
Loss of disposal of fixed assets	-	(639)	-	(639)
Total nonoperating revenues (expenses)	<u>122,021</u>	<u>290,649</u>	<u>(14,021)</u>	<u>398,649</u>
Income (loss) before transfers	1,192,985	1,848,723	(232,242)	2,809,466
Transfers out	<u>-</u>	<u>(468,896)</u>	<u>-</u>	<u>(468,896)</u>
Change in net assets	1,192,985	1,379,827	(232,242)	2,340,570
Total net assets-beginning	<u>3,051,773</u>	<u>5,666,165</u>	<u>406,454</u>	<u>9,124,392</u>
Total net assets-ending	<u>\$ 4,244,758</u>	<u>\$ 7,045,992</u>	<u>\$ 174,212</u>	<u>\$ 11,464,962</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SHREVEPORT, LOUISIANA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Employees Health Care	Retained Risk	Fleet Services	Total Internal Service Funds
Cash flows from operating activities:				
Receipts from operations	\$ 18,872,118	\$ 6,857,799	\$ 3,610,448	\$ 29,340,365
Payments to suppliers	(2,721,408)	(1,738,866)	(2,182,646)	(6,642,920)
Payments to employees	(61,372)	(241,469)	(1,310,234)	(1,613,075)
Claims	(15,890,668)	(6,928,506)	-	(22,819,174)
Net cash provided by (used in) operating activities	198,670	(2,051,042)	117,568	(1,734,804)
Cash flows from noncapital financing activities:				
Transfer out	-	(468,896)	-	(468,896)
Interest paid on operations	-	-	(14,021)	(14,021)
Net cash used in noncapital financing activities	-	(468,896)	(14,021)	(482,917)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	-	-	(103,547)	(103,547)
Net cash used in capital and related financing activities	-	-	(103,547)	(103,547)
Cash flows from investing activities:				
Purchase of investments	-	(1,741,910)	-	(1,741,910)
Interest on investments	110,901	291,288	-	402,189
Net cash provided by investing activities	110,901	(1,450,622)	-	(1,339,721)
Net increase(decrease) in cash and cash equivalents	309,571	(3,970,560)	-	(3,660,989)
Cash and cash equivalents - beginning of year	6,596,141	7,548,429	-	14,144,570
Cash and cash equivalents - end of year	\$ 6,905,712	\$ 3,577,869	\$ -	\$ 10,483,581

	Employees Health Care	Retained Risk	Fleet Services	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 1,070,964	\$ 1,558,074	\$ (218,221)	\$ 2,410,817
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	50	68,558	68,608
(Increase)Decrease in assets:				
Receivables	123,795	-	-	123,795
Due from other funds	-	(1,030,881)	-	(1,030,881)
Inventories	-	-	13,187	13,187
Prepaid items	-	356,603	-	356,603
Increase(Decrease) in liabilities:				
Accounts payable	-	(92,373)	25,064	(67,309)
Accrued liabilities	(95,494)	2,835,363	-	2,739,869
Due to other funds	(900,595)	(5,680,099)	224,270	(6,356,424)
Compensated absences	-	2,221	4,710	6,931
Total adjustments	(872,294)	(3,609,116)	335,789	(4,145,621)
Net cash provided by (used in) operating activities	\$ 198,670	\$ (2,051,042)	\$ 117,568	\$ (1,734,804)

The Retained Risk Fund had a loss on the disposal of capital assets in the amount of \$639.

The accompanying notes are an integral part of the financial statements.



**Fiduciary Funds
Pension Trust Funds**

Firemen's Pension and Relief Fund - This fund is used to account for a single-employer defined benefit pension plan that temporarily covers firefighters who retire after January 1, 1983 and meet the eligibility requirements of the local retirement plans but not the state plan.

Policemen's Pension and Relief Fund - This fund is used to account for a single-employer defined benefit pension plan that temporarily covers policemen who retire after January 1, 1983 and meet the eligibility requirements of the local retirement plans but not the state plan.

Employees' Retirement System - This fund is used to account for a cost-sharing multiple-employer defined benefit pension plan that covers all full-time classified employees of the City and other board recommended organizations other than policemen and firemen. Appointed officials also have the option to join the plan.

CITY OF SHREVEPORT, LOUISIANA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Firemen's Pension and Relief</u>	<u>Policemen's Pension and Relief</u>	<u>Employees' Retirement System</u>	<u>Total Employee Retirement Funds</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 249,927	\$ 17,595,086	\$ 17,845,013
Receivables:				
Interest receivable	47,587	25,674	483,148	556,409
Accounts receivable	-	17,315	5,072	22,387
Due from other funds	102,378	102,961	-	205,339
Prepaid items	314,991	274,855	-	589,846
Investments, at fair value:				
U.S. government obligations	2,051,570	1,103,949	20,256,693	23,412,212
Mutual funds	2,935,656	2,717,647	-	5,653,303
Domestic corporate bonds	1,479,289	792,032	39,544,095	41,815,416
Collateralized mortgage obligations	-	-	6,306,459	6,306,459
Domestic equities	-	-	92,975,776	92,975,776
International equities	-	-	18,249,301	18,249,301
Total investments	6,466,515	4,613,628	177,332,324	188,412,467
Other assets:				
Cash surrender value of life insurance policies	4,345,860	3,914,373	-	8,260,233
Total assets	<u>11,277,331</u>	<u>9,198,733</u>	<u>195,415,630</u>	<u>215,891,694</u>
LIABILITIES				
Accrued liabilities	-	-	56,770	56,770
Due to other funds	165,862	-	11,580,843	11,746,705
Employees' deposits held in escrow	-	-	2,529,590	2,529,590
Total liabilities	<u>165,862</u>	<u>-</u>	<u>14,167,203</u>	<u>14,333,065</u>
NET ASSETS				
Held in trust for pension benefits	<u>\$ 11,111,469</u>	<u>\$ 9,198,733</u>	<u>\$181,248,427</u>	<u>\$201,558,629</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SHREVEPORT, LOUISIANA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2005

	<u>Firemen's Pension and Relief</u>	<u>Policemen's Pension and Relief</u>	<u>Employees' Retirement System</u>	<u>Total Employee Retirement Relief</u>
ADDITIONS				
Contributions:				
Employer	\$ 1,228,535	\$ 1,235,532	\$ 3,780,838	\$ 6,244,905
Plan members	<u>-</u>	<u>-</u>	<u>2,367,900</u>	<u>2,367,900</u>
Total contributions	<u>1,228,535</u>	<u>1,235,532</u>	<u>6,148,738</u>	<u>8,612,805</u>
Investment earnings:				
Net appreciation (depreciation)				
in fair value of investments	(175,765)	(110,711)	4,022,582	3,736,106
Interest	140,754	89,763	3,398,014	3,628,531
Dividends	<u>261,383</u>	<u>218,785</u>	<u>2,022,521</u>	<u>2,502,689</u>
Total investment income	226,372	197,837	9,443,117	9,867,326
Less investment expense	<u>14,353</u>	<u>14,353</u>	<u>1,031,154</u>	<u>1,059,860</u>
Net investment income	212,019	183,484	8,411,963	8,807,466
Miscellaneous	<u>320,000</u>	<u>440,000</u>	<u>17,378</u>	<u>777,378</u>
Total additions	<u>1,760,554</u>	<u>1,859,016</u>	<u>14,578,079</u>	<u>18,197,649</u>
DEDUCTIONS				
Pensions	1,005,344	820,769	12,288,061	14,114,174
Refund of member contribution	-	-	837,283	837,283
Administrative expenses	19,615	19,615	217,657	256,887
Life insurance	<u>272,770</u>	<u>285,692</u>	<u>-</u>	<u>558,462</u>
Total deductions	<u>1,297,729</u>	<u>1,126,076</u>	<u>13,343,001</u>	<u>15,766,806</u>
Change in net assets	462,825	732,940	1,235,078	2,430,843
Net assets - beginning	<u>10,648,644</u>	<u>8,465,793</u>	<u>180,013,349</u>	<u>199,127,786</u>
Net assets - ending	<u>\$ 11,111,469</u>	<u>\$ 9,198,733</u>	<u>\$ 181,248,427</u>	<u>\$ 201,558,629</u>

The accompanying notes are an integral part of the financial statements.



Discretely Presented Component Unit

This special revenue fund accounts for receipts and disbursements which occur in conjunction with coordinating City planning, preparing and enforcing zoning laws, and keeping City annexation policies current.

**CITY OF SHREVEPORT, LOUISIANA
METROPOLITAN PLANNING COMMISSION
BALANCE SHEET
DECEMBER 31, 2005**

ASSETS

Cash and cash equivalents	\$ 14,460
Due from other governments	<u>38,250</u>
Total assets	<u>52,710</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	2,260
Due to other governments	<u>50,450</u>
Total liabilities	<u>52,710</u>

Fund balance:

Reserved for encumbrances	30,142
Unreserved, undesignated	<u>(30,142)</u>
Total fund balance	-

Amounts reported for the Metropolitan Planning Commission in the Statement of Net Assets for component units are different because:

Capital assets reported in governmental activities are not financial assets and, therefore, are not reported in governmental funds.	<u>881,576</u>
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Net assets	<u>\$ 881,576</u>
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The accompanying notes are an integral part of the financial statements.

**CITY OF SHREVEPORT, LOUISIANA
METROPOLITAN PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2005**

REVENUES

Intergovernmental	\$ 153,000
Miscellaneous	<u>169,303</u>
Total revenues	<u>322,303</u>

EXPENDITURES

General government	<u>1,152,891</u>
Total expenditures	<u>1,152,891</u>

Deficiency of revenues under expenditures	(830,588)
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OTHER FINANCING SOURCES

Payment from City of Shreveport	<u>830,588</u>
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Net change in fund balance	-
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Fund balance - beginning	<u>-</u>
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Fund balance - ending	-
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Amounts reported for the Metropolitan Planning Commission in the Statement of Activities for component units are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	<u>(54,774)</u>
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Change in net assets	<u>\$ (54,774)</u>
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The accompanying notes are an integral part of the financial statements.



Statistical Section

This section, which is composed of accounting and non-accounting data, is presented in order to provide the reader with additional information as an aid to understanding the financial activities of the City. Many of these tables present data from outside the accounting records; therefore, the Statistical Section data has not been subjected to independent audit.

CITY OF SHREVEPORT, LOUISIANA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
FISCAL YEARS ENDED DECEMBER 31, 1996 THROUGH DECEMBER 31, 2005

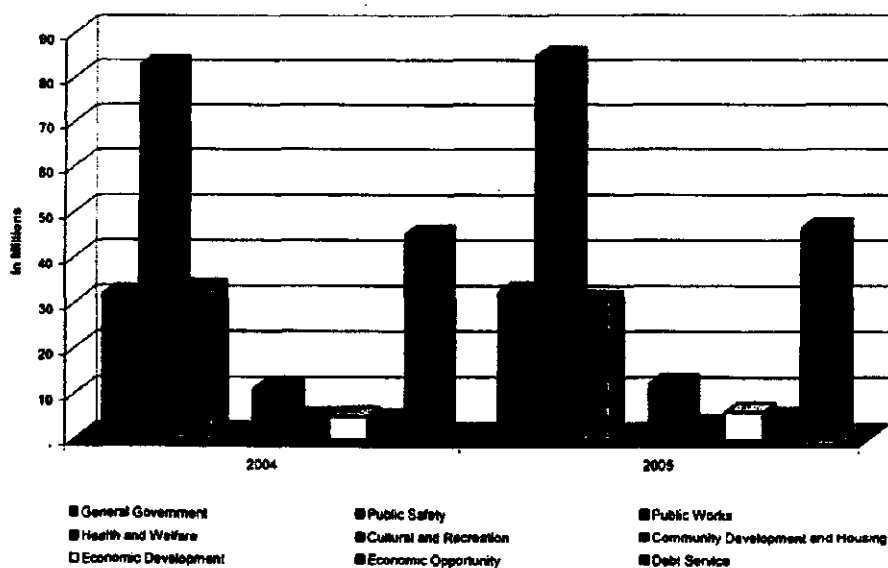
Fiscal Year Ended	General Government	Public Safety	Public Works	Health and Welfare	Cultural and Recreation
1996	\$ 26,545,711	\$ 55,035,600	\$ 25,579,678	\$ 419,927	\$ 10,472,199
1997	26,236,171	59,057,314	25,059,130	191,991	9,545,451
1998	29,394,166	57,472,321	24,683,745	390,998	9,968,862
1999	29,851,439	62,695,370	24,008,583	411,809	10,785,474
2000	31,160,204	60,899,205	27,090,411	674,884	10,606,983
2001	26,846,543	63,779,843	27,155,205	493,450	11,475,437
2002	24,673,122	68,731,189	28,580,522	483,659	11,350,929
2003	27,464,094	72,337,147	25,992,785	359,725	10,780,702
2004	31,751,505	82,694,307	33,005,430	293,575	11,096,644
2005	32,393,215	84,754,554	30,502,540	389,502	12,417,996

- (1) Includes general, special revenue, and debt service funds.
(2) Beginning in 2000, general government expenditures for component units are reported as payments to component units and included within total expenditures rather than transfers.
(3) Beginning in 2000, Highways and Streets and Sanitation were combined for reporting as Public Works.
(4) Beginning in 2000, these expenditures are recorded as transfers to the appropriate capital project funds where the expenditures are incurred.

Unaudited - see accompanying independent auditor's report.

Community Development and Housing	Economic Development	Economic Opportunity	Capital Outlay	Debt Service	Total
\$ 2,226,544	\$ 1,488,155	\$ 3,131,617	\$ 3,149,422	\$ 20,403,603	\$ 148,452,456
3,285,455	1,744,973	3,269,045	353,402	25,752,678	154,495,610
4,483,770	3,831,019	3,361,290	361,857	85,487,894	219,435,922
5,549,549	4,616,895	3,773,472	1,907,644	29,892,194	173,492,429
5,460,123	3,328,001	2,220,321	-	39,513,016	180,953,148
8,883,571	3,558,794	2,749,050	-	43,115,634	188,057,527
3,851,432	4,703,913	3,481,716	-	42,912,202	188,768,684
5,141,498	4,770,448	2,940,163	-	44,440,597	194,227,159
4,814,883	5,073,823	4,596,238	-	44,975,080	218,301,485
3,444,802	6,151,081	5,075,413	-	46,474,680	221,603,783

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION



CITY OF SHREVEPORT, LOUISIANA
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
FISCAL YEARS ENDED DECEMBER 31, 1996 THROUGH DECEMBER 31, 2005

Fiscal Year Ended	Taxes	Licenses and Permits	Intergovernmental	Charges for Services	Fines and Forfeitures	Special Assessments	Investment Earnings	Gaming	Miscellaneous	Total
1996	\$110,678,268	\$5,845,122	\$15,855,784	\$19,522,631	\$3,188,108	\$15,929	\$2,976,514	\$6,687,003	\$2,281,265	\$167,050,624
1997	111,357,774	6,059,329	15,565,742	15,318,550	3,699,970	-	3,245,900	7,420,610	1,504,626	164,172,501
1998	116,672,572	6,394,715	18,583,726	14,310,216	3,601,167	-	2,748,622	6,779,360	1,901,397	170,991,775
1999	120,416,777	6,648,966	21,508,762	13,327,285	3,074,359	-	3,406,274	7,300,677	2,224,224	177,907,324
2000	126,601,642	6,327,862	17,893,576	16,321,194 (2)	2,888,110	-	2,089,551 (2)	7,209,309	4,429,481 (2)	183,760,725
2001	130,797,660	6,590,052	22,091,919	15,308,068	3,051,065	-	2,642,465	14,819,542	3,111,809	198,412,580
2002	129,350,141	7,024,635	17,113,156	16,481,825	2,533,660	-	1,265,879	15,052,411	4,156,019	192,977,726
2003	138,588,656	6,905,770	17,133,233	17,706,972	2,839,434	-	631,251	13,754,595	5,426,717	202,986,628
2004	144,861,587	7,600,397	20,802,013	19,241,503	2,799,844	-	465,743	12,891,549	3,428,865	212,091,501
2005	153,389,462	8,211,268	19,045,190	20,635,745	3,231,362	-	1,246,221	11,617,496	3,440,573	220,817,317

(1) Includes general, special revenue, and debt service funds.

(2) Beginning in 2000, investment earnings are reported as a separate amount. Previously, they were combined with property revenues which have been reclassified to charges for services or miscellaneous.

Unaudited - see accompanying independent auditor's report.

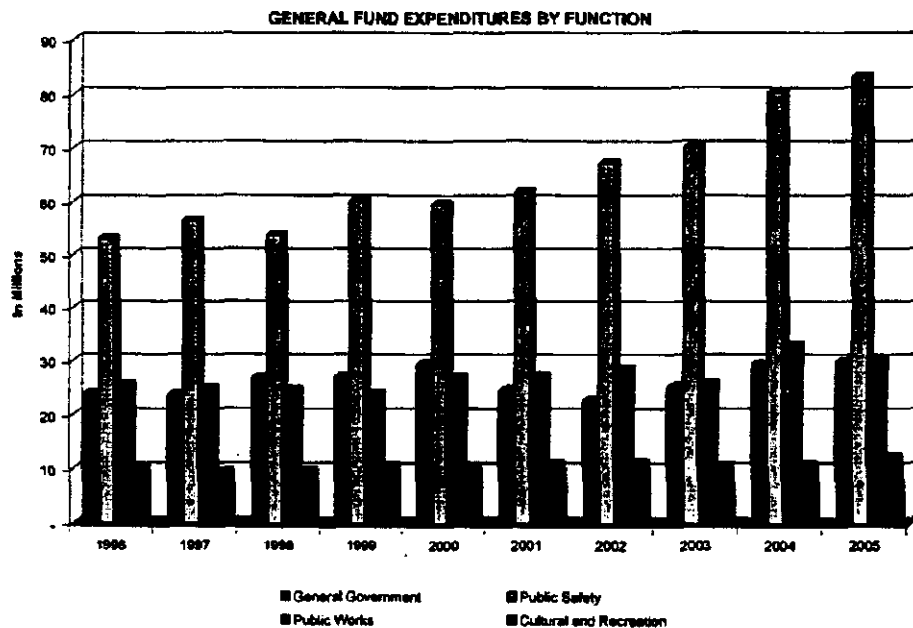
CITY OF SHREVEPORT, LOUISIANA
GENERAL FUND EXPENDITURES BY FUNCTION
FISCAL YEARS ENDED DECEMBER 31, 1996 THROUGH DECEMBER 31, 2005

Fiscal Year Ended	General Government	Public Safety	Public Works	Cultural and Recreation	Total
1996	\$ 24,014,575	\$ 53,172,987	\$ 25,579,678	\$ 10,366,928	\$ 113,134,168
1997	23,758,250	56,553,595	25,059,130	9,503,975	114,874,950
1998	26,966,957	53,632,769	24,683,745	9,727,748	115,011,219
1999	27,166,380	60,206,574	24,008,583	10,633,296	122,014,833
2000	29,514,391 (1)	59,596,830	27,090,411 (2)	10,470,289	126,671,921
2001	24,663,594	61,812,341	27,155,205	11,026,051	124,657,191
2002	22,754,069	67,196,188	28,580,522	11,242,651	129,773,430
2003	25,407,052	70,238,220	25,992,785	10,707,704	132,345,761
2004	29,464,878	80,464,341	33,005,430	11,020,022	153,954,671
2005	29,962,755	83,246,902	30,502,540	12,306,345	156,018,542

(1) Beginning in 2000, general government expenditures for component units are reported as payments to component units and included within total expenditures rather than transfers.

(2) Beginning in 2000, Highways and Streets and Sanitation were combined for reporting as Public Works.

Unaudited - see accompanying independent auditor's report.



CITY OF SHREVEPORT, LOUISIANA
GENERAL FUND REVENUES BY SOURCE
FISCAL YEARS ENDED DECEMBER 31, 1996 THROUGH DECEMBER 31, 2005

Fiscal Year Ended	Taxes	Licenses and Permits	Intergov- ernmental	Charges for Services	Fines and Forfeitures	Investment Earnings	Miscellaneous	Total
1996	\$ 87,089,172	\$ 5,845,122	\$ 7,139,002	\$ 19,522,631	\$ 3,188,108	\$ 1,476,357	\$ 901,157	\$ 125,161,549
1997	86,906,893	4,946,273	6,637,193	15,318,550	3,471,593	1,508,664	568,220	119,357,386
1998	91,475,997	5,104,946	7,189,281	14,310,216	3,387,230	1,117,822	903,763	123,489,255
1999	94,800,813	5,126,826	6,906,424	13,327,285	3,051,963	1,757,901	709,233	125,680,445
2000	100,315,139	6,327,862	7,416,165	16,130,584 (1)	2,888,110	51,367 (1)	1,740,629 (1)	134,869,856
2001	102,141,144	6,590,052	8,066,389	15,286,721	3,051,065	151,096	644,528	135,930,995
2002	101,629,039	7,024,635	6,352,485	16,298,248	2,533,660	26,346	668,050	134,532,463
2003	109,517,641	6,905,770	6,907,773	17,475,471	2,839,434	111,196	1,006,544	144,763,829
2004	115,373,293	7,600,397	8,361,842	19,012,947	2,799,844	59,178	1,342,457	154,549,958
2005	122,710,855	8,211,268	8,072,192	20,303,908	3,231,362	87,025	549,583	163,166,193

(1) Beginning in 2000, investment earnings are reported as a separate amount. Previously they were combined with property revenues which are now classified as charges for services or miscellaneous.

Unaudited - see accompanying independent auditor's report.

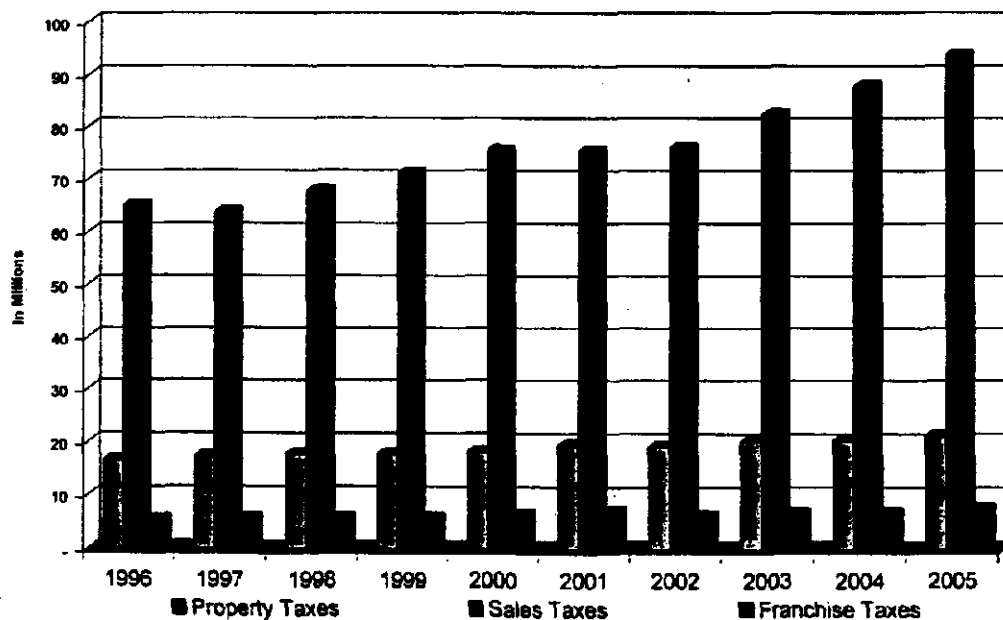
**CITY OF SHREVEPORT, LOUISIANA
GENERAL FUND TAX REVENUES BY SOURCE
FISCAL YEARS ENDED DECEMBER 31, 1996 THROUGH DECEMBER 31, 2005**

<u>Fiscal Year Ended</u>	<u>Property Taxes</u>	<u>Sales Taxes</u>	<u>Franchise Taxes</u>	<u>Total</u>
1996	\$16,604,762	\$65,023,983	\$5,460,427	\$87,089,172
1997	17,230,847	63,815,812	5,860,234	86,906,893
1998	17,828,743	67,778,596	5,868,658	91,475,997
1999	17,832,604	71,113,334	5,854,875	94,800,813
2000	18,195,958	75,548,503	6,570,678	100,315,139
2001	19,572,536	75,481,654	7,086,954	102,141,144
2002	19,305,868	75,971,486	6,351,685	101,629,039
2003	20,315,853	82,343,007 (1)	6,858,781	109,517,641
2004	20,537,534	87,911,418	6,924,341	115,373,293
2005	21,348,759	93,713,711	7,648,385	122,710,855

(1) In 2003 there was a .25% sales tax rate increase.

Unaudited-see accompanying independent auditor's report.

GENERAL FUND TAX REVENUES BY SOURCE



CITY OF SHREVEPORT, LOUISIANA
PROPERTY TAX LEVIES AND COLLECTIONS
FISCAL YEARS ENDED DECEMBER 31, 1996 THROUGH DECEMBER 31, 2005

<u>Fiscal Year Ended</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percentage of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collected</u>	<u>Ratio of Total Collections to Tax Levy</u>
1996	\$ 40,902,242	\$ 39,050,781	95.5 %	\$ 967,813	\$ 40,018,594	97.8
1997	42,905,989	40,262,770	93.8	1,333,580	41,596,350	97.0
1998	44,133,525	41,287,397	93.6	1,548,176	42,835,573	97.1
1999	44,113,404	41,473,342	94.0	1,749,617	43,222,959	98.0
2000	45,926,818	42,274,894	92.0	1,929,137	44,204,031	96.2
2001	48,082,314	45,329,072	94.3	2,791,121	48,120,193	100.1
2002	48,563,087	44,998,072	92.7	1,672,882	46,670,954	96.1
2003	49,501,452	46,393,756	93.7	2,478,684	48,872,440	98.7
2004	51,569,430	47,480,013	92.1	3,313,047	50,793,060	98.5
2005	52,172,566	47,838,122 (1)	91.7	2,504,646	50,342,768	96.5

(1) Current collections through February 28, 2006. Taxes collected after 60 days from the year-end are recorded in the prior year's delinquent tax column. Collections for 2005 will continue until November, 2006 when 2006 taxes are billed.

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FISCAL YEARS ENDED DECEMBER 31, 1996 THROUGH DECEMBER 31, 2005

<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio Assessed Value to Estimated Actual Value</u>
1996	\$ 792,161,740	\$ 6,659,115,987	11.9
1997	832,135,880	6,943,578,693	12.0
1998	854,888,230	7,126,400,840	12.0
1999	855,952,380	7,143,817,833	12.0
2000	898,928,580	7,527,501,313	11.9
2001	937,275,970	7,888,214,320	11.9
2002	946,647,780	8,137,515,920	11.8
2003	964,939,480	8,253,848,820	11.7
2004	1,105,690,930	9,637,710,013	11.5
2005	1,118,622,660 (1)	9,787,608,713	11.4

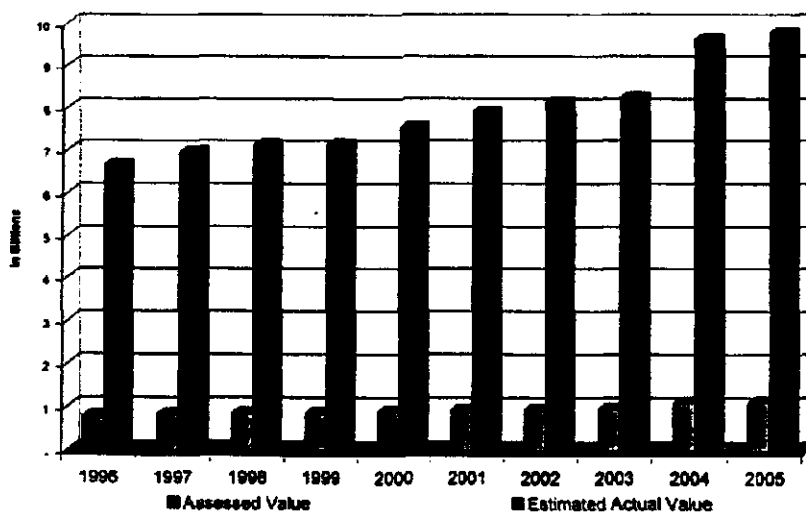
Note:

Assessed values are established by the Caddo Parish Tax Assessor on January 1 of each year at approximately 10-25% of assumed market value. A revaluation of all property is required to be completed no less than every 4 years. The last revaluation was completed for the roll of January 1, 2004. The next revaluation will be completed as of January 1, 2008 for the 2008 tax roll.

(1) Included in the total assessed value of property within the City is \$8,704,360 of assessed value which has been adjudicated to Caddo Parish.

Unaudited - see accompanying independent auditor's report.

ASSESSED & ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY



CITY OF SHREVEPORT, LOUISIANA
SUMMARY OF AD VALOREM TAX MILLAGE RATES
(TAX RATE PER \$1,000 ASSESSED VALUE)
FISCAL YEARS ENDED DECEMBER 31, 1996 THROUGH DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Debt Service (1)	\$ 27.82	\$27.82	\$30.54	\$30.54	\$30.54	\$30.54	\$30.54	\$30.54	\$30.54	\$30.54
General Alimony (2)	10.99	10.99	12.13	12.13	12.13	12.13	12.32	12.32	12.32	12.32
Police Three-Platoon System (2)	1.57	1.57	1.73	1.73	1.73	1.73	1.76	1.76	1.76	1.76
Police and Fire Uniforms & Equipment (3)	1.19	1.19	1.31	1.31	1.31	1.31	1.33	1.33	1.33	1.33
Salary & Wage Schedule (3)	1.19	1.19	1.31	1.31	1.31	1.31	1.33	1.33	1.33	1.33
Street Improvements (3)	1.19	1.19	1.31	1.31	1.31	1.31	1.33	1.33	1.33	1.33
Employee Benefits (3)	1.80	1.80	1.99	1.99	1.99	1.99	2.02	2.02	2.02	2.02
Parks & Recreational Facilities (3)	<u>.89</u>	<u>.89</u>	<u>.98</u>	<u>.98</u>	<u>.98</u>	<u>.98</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
Total	<u>\$46.64</u>	<u>\$46.64</u>	<u>\$51.30</u>	<u>\$51.30</u>	<u>\$51.30</u>	<u>\$51.30</u>	<u>\$51.63</u>	<u>\$51.63</u>	<u>\$51.63</u>	<u>\$51.63</u>

- (1) Political subdivisions in Louisiana are required to levy taxes without limitation at such rates as may be necessary to service general obligation bonds.
- (2) City Council is authorized by Louisiana Constitution to levy, after public hearing by a two-thirds affirmative vote, a millage rate of up to, but not in excess of:
- (a) 12.65 mills for General Alimony
 - (b) 1.81 mills for Police Three-Platoon System
- (3) Special millage approved by referendum and must be reapproved by referendum every 5 years.
(Last submitted and approved on April 5, 2003).

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA
PROPERTY TAX RATES AND TAX LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS
FISCAL YEARS ENDED DECEMBER 31, 1996 THROUGH DECEMBER 31, 2005

Fiscal Year	Tax Rates (In Dollars Per \$1000 of Assessed Value)				Tax Levies			
	City	School	Parish	Total	City	School	Parish	Total
1996	\$ 51.63	\$ 53.31	\$ 41.90	\$ 146.84	\$ 40,902,242	\$ 38,451,509	\$ 30,349,226	\$ 109,702,977
1997	51.63	85.08	41.87	178.58	42,905,989	64,868,734	31,501,056	139,275,779
1998	51.63	84.48	41.17	177.28	44,133,525	65,806,519	32,541,850	142,481,894
1999	51.63	83.98	41.17	176.78	44,113,404	67,072,869	33,168,880	144,355,153
2000	51.30	85.63	38.95	175.88	45,926,818	71,757,465	32,769,190	150,453,473
2001	51.30	86.03	40.16	177.49	48,082,314	73,467,609	33,930,780	155,480,703
2002	51.30	87.27	40.40	178.97	48,563,087	74,564,826	35,126,303	158,254,216
2003	51.30	87.27	40.40	178.97	49,501,452	78,038,546	36,795,519	164,335,517
2004	46.64	87.27	36.58	170.49	51,569,430	78,038,546	38,611,408	168,219,384
2005	46.64	81.73	37.31	165.68	52,172,566	84,694,341	41,073,647	177,940,554

Note: Property was revalued January 1, 2004.

Unaudited - see accompanying independent auditor's report.

**CITY OF SHREVEPORT, LOUISIANA
PRINCIPAL TAXPAYERS
DECEMBER 31, 2005**

	<u>Name</u>	<u>Assessed Value</u>	<u>Tax Amount</u>	<u>Percentage of Assessed Value to Total Assessment</u>
1.	AEP Southwestern Electric Power Company	\$ 41,639,630	\$ 2,136,113	3.7
2.	BellSouth	23,388,940	1,199,853	2.1
3.	Sam's Town	18,446,630	946,312	1.6
4.	Hibernia National Bank	12,775,830	655,400	1.1
5.	AMSouth Bank	11,097,860	569,320	1.0
6.	Wal-Mart	9,161,720	469,996	.8
7.	Bank One	7,100,310	364,246	.6
8.	Calumet Lubricants	6,991,900	358,684	.6
9.	Centerpoint Energy Arkla	6,752,350	346,396	.6
10.	Cingular Wireless	<u>5,741,120</u>	<u>294,520</u>	<u>.5</u>
	Total amount for ten principal taxpayers	143,096,290	7,340,840	12.8
	Total for remaining taxpayers	<u>975,526,370</u>	<u>44,831,726</u>	<u>87.2</u>
	Total amount for all taxpayers	<u>\$ 1,118,622,660</u>	<u>\$ 52,172,566</u>	<u>100.0%</u>

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
FISCAL YEARS ENDED DECEMBER 31, 1996 THROUGH DECEMBER 31, 2005

<u>Fiscal Year</u>	<u>Amount of Installment Assessments Due</u>	<u>Total Revenue Collected</u>	<u>Percentage of Revenue To Assessments Due</u>
1996	\$20,009	\$ 33,034	165.1%
1997	2,800	19,758	705.6
1998	2,667	7,170	268.8
1999	2,533	12,167	480.3
2000	2,133	14,111	662.6
2001	2,267	32,562	1,436.3
2002	6,238	9,236	148.1
2003	7,732	3,573	46.2
2004	12,502	4,193	33.5
2005	- (1)	5,849	-

(1) No assessments due.

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2005

	Street Improvements	Police and Fire	Water and Sewer Improvements	Parks and Recreation	Public Buildings	Drainage	Sanitation and Incinerator	Industrial Bond	Airports	Sportian	Riverfront Park
Assessed value \$1,118,622,660(1)											
Debt limit - 10% of assessed value for any one purpose (2)	\$ 111,862,266	\$ 111,862,266	\$ 111,862,266	\$ 111,862,266	\$ 111,862,266	\$ 111,862,266	\$ 111,862,266	\$ 111,862,266	\$ 111,862,266	\$ 111,862,266	\$ 111,862,266
Deduct - Amount of debt applicable to debt limit	87,238,450	28,378,567	-	16,353,945	71,960,000	46,184,860	-	-	-	549,047	3,821,674
Legal debt margin	\$ 24,623,816	\$ 83,483,699	\$ 111,862,266	\$ 95,508,321	\$ 39,902,266	\$ 65,677,406	\$ 111,862,266	\$ 111,862,266	\$ 111,862,266	\$ 111,313,219	\$ 108,040,592

148

Note:

- (1) Included in the total assessed value of property within the City is \$8,704,360 of assessed value which has been adjudicated to Caddo Parish.
(2) State law allows a maximum of 10% of the assessed valuation for bonded debt for any purpose. However, the 10% maximum can be exceeded if the aggregate issued for all purposes does not exceed 35% of the total assessed valuation. A total of \$137,031,388 of additional bonded debt is available for issuance pursuant to the 35% limitation.

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
FISCAL YEARS ENDED DECEMBER 31, 1996 THROUGH DECEMBER 31, 2005

Fiscal Year	Population	Assessed Value	Gross Bonded Debt(2)	Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Debt Per Capita
1996	201,270	\$ 792,161,740	\$ 164,515,766	\$ 20,788,205	\$ 143,727,561	18.1%	\$ 714
1997	201,568	832,135,880	175,120,595	22,628,716	152,491,879	18.3	757
1998	201,325	854,888,230	242,896,510	23,942,397	218,954,113	25.6	1,088
1999	201,500	855,952,380	268,296,958	27,428,681	240,868,277	28.1	1,195
2000	200,145	898,928,580	258,856,631	28,977,467	229,879,164	25.6	1,149
2001	201,059	937,275,970	278,641,502	33,982,628	244,658,874	26.1	1,217
2002	201,100	946,647,780	264,673,234	37,297,993	227,375,241	24.0	1,131
2003	202,096	964,939,480	287,762,225	42,480,003	245,282,222	25.4	1,214
2004	202,851	1,105,690,930	272,729,802	44,616,361	228,113,441	20.6	1,125
2005	202,938 (1)	1,118,622,660 (3)	254,486,544	40,239,017	214,247,527	19.2	1,056

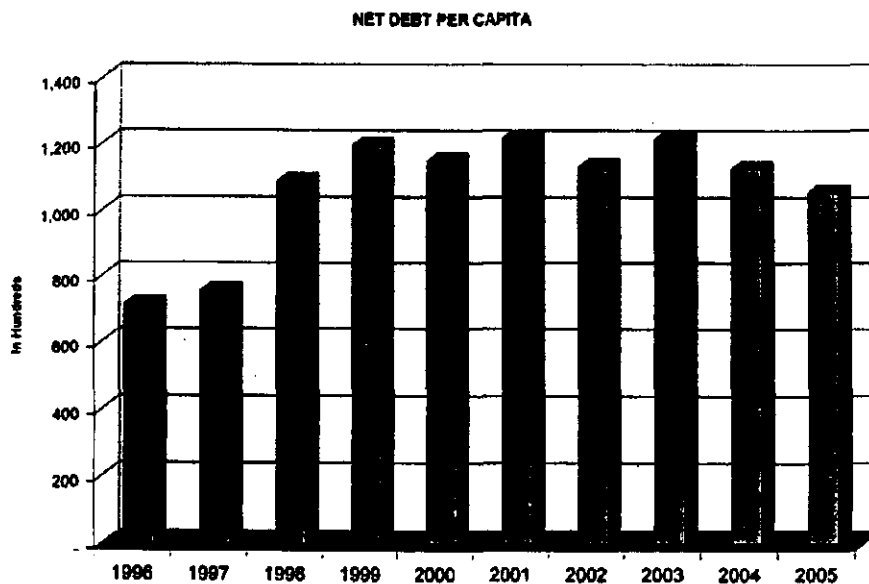
Note:

(1) Source: Treasurer of the State of Louisiana

(2) Includes all general obligation bonds payable from assessed property taxes in their original principal amount outstanding.

(3) Included in the total assessed value of property within the City is \$8,704,360 of assessed value which has been adjudicated to Caddo Parish.

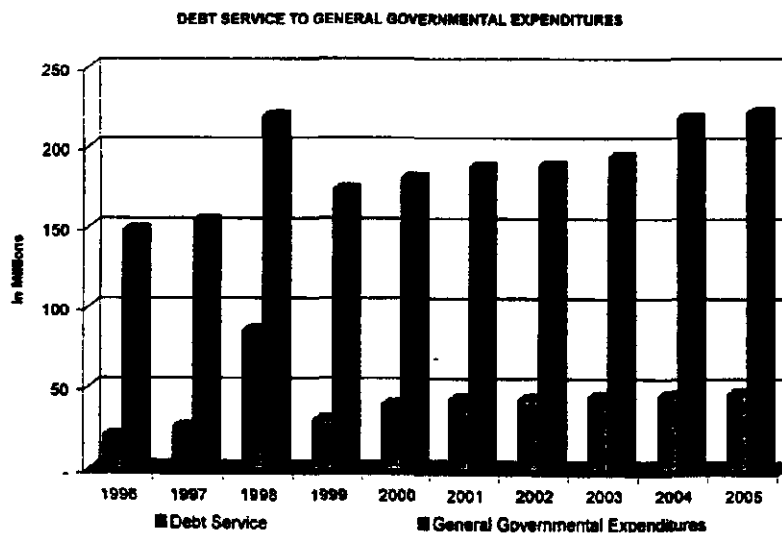
Unaudited - see accompanying independent auditor's report.



CITY OF SHREVEPORT, LOUISIANA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
FISCAL YEARS ENDED DECEMBER 31, 1996 THROUGH DECEMBER 31, 2005

Fiscal Year	Principal	Interest and Other Costs	Total Debt Service	Total General Governmental Expenditures	Debt Service as a Percentage of General Expenditures
1996	\$ 9,673,370	\$ 10,730,233	\$ 20,403,603	\$ 148,452,456	13.7%
1997	11,407,584	14,345,094	25,752,678	154,495,610	16.7
1998	14,175,866	71,312,028	85,487,894	219,435,922	39.0
1999	12,101,307	17,790,887	29,892,194	173,492,429	17.2
2000	22,581,167	16,931,849	39,513,016	180,953,148	21.8
2001	26,360,111	16,755,523	43,115,634	188,057,527	22.9
2002	26,100,991	16,811,211	42,912,202	188,768,684	22.7
2003	28,233,630	16,206,967	44,440,597	194,227,159	22.9
2004	28,278,794	16,696,286	44,975,080	218,301,485	20.6
2005	29,908,186	16,566,494	46,474,680	221,603,783	21.0

Unaudited - see accompanying independent auditor's report.



CITY OF SHREVEPORT, LOUISIANA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
GENERAL OBLIGATION BONDS AND NOTES
DECEMBER 31, 2005

Direct Debt	Gross Debt	Exclusions(1)	Amount Available Debt Service Fund	Net Debt	Percentage of Debt Applicable to the City(2)	City's Share of Debt
City of Shreveport						
General Obligation Bonds	\$ 254,486,543	\$ -	\$ 40,239,017	\$ 214,247,526	100%	\$ 214,247,526
General Obligation Notes	82,106,584	-	-	82,106,584	100	82,106,584
Total Direct Debt	336,593,127	-	40,239,017	296,354,110		296,354,110
Overlapping Debt						
Caddo Parish Commission	8,430,000	-	1,630,291	6,799,709	78.0	5,303,773
Caddo Parish School Board	360,581,594	30,584	44,616,361	315,934,649	75.5	238,530,660
Total Overlapping Debt	369,011,594	30,584	46,246,652	322,734,358		243,834,433
Total Direct and Overlapping Debt	\$ 705,604,721	\$ 30,584	\$ 86,485,669	\$ 619,088,468		\$ 540,188,543

Note:

- (1) Exclusions represent general obligation bonds and notes issued for proprietary fund purposes which are payable from those funds .
(2) Based on 2005 assessed valuation.

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA
REVENUE BOND COVERAGE
WATER AND SEWER BONDS

FISCAL YEARS ENDED DECEMBER 31, 1996 THROUGH DECEMBER 31, 2005

Fiscal Year	Gross Revenue(1)	Operating Expenses(2)	Net Revenue Available for Debt Service	Debt Service Requirement			Times Coverage
				Principal	Interest	Total	
1996	\$ 44,453,224	\$ 20,818,488	\$ 23,634,736	\$ 6,063,347	\$ 4,727,790	\$ 10,791,137	2.19
1997	40,440,600	23,190,429	17,250,171	6,371,625	4,874,574	11,246,199	1.53
1998	43,248,948	22,443,312	20,805,636	6,419,766	4,782,788	11,202,554	1.86
1999	40,480,054	23,423,832	17,056,222	6,483,541	4,664,645	11,148,186	1.53
2000	41,984,620	22,064,086	19,920,534	4,351,300	3,064,987	7,416,287	2.69
2001	37,994,398	24,424,890	13,569,508	4,658,766	3,038,722	7,697,488	1.76
2002	38,582,686	27,804,941	10,777,745	5,267,979	2,275,652	7,543,631	1.43
2003	39,359,740	27,041,477	12,318,263	6,010,064	1,973,357	7,983,421	1.54
2004	47,331,098	28,726,157	18,604,941	7,065,796	2,401,669	9,467,465	1.97
2005	57,713,962	30,578,978	27,134,984	10,982,563	4,438,531	15,421,094	1.76

Notes:

- (1) Includes operating revenues and interest income and net changes in the fair value of investments and intergovernmental revenues.
(2) Before depreciation and amortization expenses and after transfers out.

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA
REVENUE BOND COVERAGE
MUNICIPAL AND REGIONAL AIRPORTS

FISCAL YEARS ENDED DECEMBER 31, 1998 THROUGH DECEMBER 31, 2005

Fiscal Year	Gross Revenue(1)	Operating Expenses(2)	Net Revenue Available for Debt Service	Debt Service Requirement			Times Coverage
				Principal	Interest	Total	
1998	\$ 7,270,646	\$ 4,121,013	\$ 3,149,633	\$ -	\$ 414,866	\$ 414,866	7.59
1999	6,574,886	4,359,948	2,214,938	-	787,709	787,709	2.81
2000	6,997,236	5,143,977	1,853,259	-	664,766	664,766	2.79
2001	6,830,601	5,245,607	1,584,994	-	927,204	927,204	1.71
2002	6,756,147	5,648,894	1,107,253	-	967,263	967,263	1.14
2003	7,120,564	6,363,397	757,167	-	596,097	596,097	1.27
2004	7,607,130	6,311,705	1,295,425	-	470,494	470,494	2.75
2005	8,053,251	6,822,081	1,231,170	-	478,020	478,020	2.58

Notes:

- (1) Includes operating revenues, interest income, intergovernmental revenues, net fair value adjustment of investments, transfers in and excludes passenger facility charges and associated PFC debt up to the amount of the charges.
- (2) Before depreciation and amortization expenses but including transfers out.

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA
DEMOGRAPHIC STATISTICS
FISCAL YEARS ENDED DECEMBER 31, 1996 THROUGH DECEMBER 31, 2005

<u>Fiscal Year</u>	<u>Population(1)</u>	<u>Median Age(2)</u>	<u>School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>
1996	201,270	33.3	48,843	6.3%
1997	201,568	34.3	48,018	5.8
1998	201,325	34.3	46,832	4.7
1999	201,500	34.5	46,011	3.6
2000	200,145	34.5	45,120	4.9
2001	201,059	35.4	44,943	7.1
2002	201,100	35.0	44,722	6.6
2003	202,096	34.7	44,532	6.1
2004	202,851	34.3	43,603	5.7
2005	202,938	34.3	44,225	4.7

Sources:

- (1) Treasurer of the State of Louisiana
- (2) Center for Business Economic Research, Louisiana State University - Shreveport
- (3) Caddo Parish School Board
- (4) Louisiana Department of Labor

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
FISCAL YEARS ENDED DECEMBER 31, 1996 THROUGH DECEMBER 31, 2005

Fiscal Year	Commercial Construction(1)		Residential Construction(1)		Property Value(2)	
	Number of Units	Value	Number of Units	Value	Commercial	Residential
1996	79	\$ 43,539,539	276	\$ 37,707,516	\$ 3,624,132,887	\$ 3,034,983,100
1997	114	119,502,459	235	37,121,897	3,848,666,193	3,094,912,500
1998	157	114,443,170	258	40,088,629	3,980,958,240	3,145,442,600
1999	168	147,216,441	378	50,678,841	3,967,175,833	3,176,642,000
2000	103	72,305,845	355	56,689,353	4,124,484,713	3,403,016,600
2001	161	57,699,144	374	56,942,287	4,431,493,320	3,456,721,000
2002	87	100,925,424	448	72,277,725	4,605,346,320	3,532,169,600
2003	80	125,055,018	694	107,285,644	4,613,848,820	3,639,300,100
2004	100	148,694,901	615	113,224,966	4,998,795,613	4,638,914,400
2005	95	112,346,149	669	142,783,450	5,019,076,713	4,768,532,000

Bank deposits are not disclosed. Several banks in the City are part of statewide banking operations, and they are not able to isolate the deposits within the City of Shreveport.

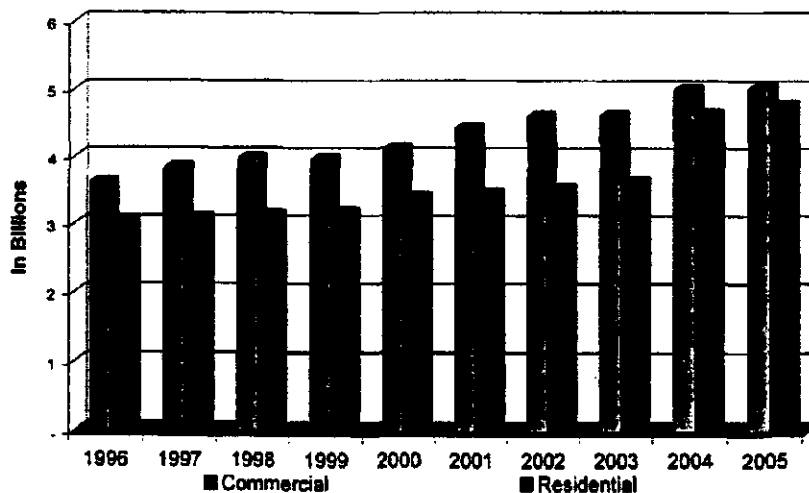
Note: Property was revalued January 1, 2004.

Sources:

- (1) Permit and Inspection's Annual Reports
- (2) Estimated appraised value from the City of Shreveport Revenue Division's Tax Summary

Unaudited - see accompanying independent auditor's report.

PROPERTY VALUE



CITY OF SHREVEPORT, LOUISIANA
MISCELLANEOUS STATISTICS
DECEMBER 31, 2005

Date of settlement	1835
Date of incorporation	1839
Form of government	Mayor-Council
Date established	1978
Area-square miles	122
Lane miles of paved streets	1624
Police protection:	Municipal
Number of policemen & officers	568
Fire protection:	Municipal
Number of firemen & officers	557
Employees:	
Classified, appointed, elected, and exempt (exclusive of fire and police)	2228
Recreation:	
Parks - Number of acres	1783
Number of playgrounds	46
Number of picnic areas	42
Number of municipal golf courses	3
Number of street lights	29990
Water storage tanks:	
Number of storage tanks	13
Total capacity of water storage tanks	35,500,000 gallons
Municipal water plant:	
Number of accounts	66500
Daily average consumption	40,000,000 gallons
Miles of water mains	1,080
Sewers:	
Number of accounts	63500
Daily average influent flow	30,000,000 gallons
Miles of sewer mains	1,053
Miles of drainage ditches:	
Paved	408
Non-paved	930

Unaudited - see accompanying independent auditor's report.



CITY OF SHREVEPORT, LOUISIANA

OMB Circular A-133 Reports

December 31, 2005

(With Independent Auditors' Reports Thereon)

CITY OF SHREVEPORT, LOUISIANA

Table of Contents

	Page
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1
Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and Schedule of Expenditures of Federal Awards	3
Schedule of Expenditures of Federal Awards	5
Notes to Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs	10



KPMG LLP
Suite 1900
333 Texas Street
Shreveport, LA 71101-3692

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards***

The Honorable Mayor and Members of the City Council
City of Shreveport, Louisiana:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Shreveport, Louisiana (City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 12, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned cost as item 05-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The

results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the City in a separate letter dated June 12, 2006.

This report is intended solely for the information and use of the Mayor and City Council members, audit subcommittee, management, the State of Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

June 12, 2006



KPMG LLP
Suite 1900
333 Texas Street
Shreveport, LA 71101-3692

**Independent Auditors' Report on Compliance With Requirements Applicable to
Each Major Program and on Internal Control Over Compliance in Accordance
With OMB Circular A-133 and Schedule of Expenditures of Federal Awards**

The Honorable Mayor and Members of the City Council
City of Shreveport, Louisiana:

Compliance

We have audited the compliance of the City of Shreveport, Louisiana (City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 05-2, 05-3, and 05-4.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 05-2, 05-3, and 05-4.

A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2005, and have issued our report thereon dated June 12, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

This report is intended solely for the information and use of the Mayor and City Council members, audit subcommittee, management, the State of Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

June 12, 2006

CITY OF SHREVEPORT, LOUISIANA
Schedule of Expenditures of Federal Awards
Year ended December 31, 2005

<u>Grant title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Federal expenditures</u>
Department of Transportation:			
Federal Transit Administration:			
Direct Programs:			
Federal Transit Capital Investment Grants:			
Sportran Maintenance Facility	20.500	LA-90-0164 & 2164 LA-90-0182 & 2182 LA-03-0066 LA-90-0207	\$ 3,553
Sportran 00 Capital Improvements	20.500	LA-90-0218 & 2218 LA-03-0088	61,869
Sportran 01 Capital Improvements	20.500	LA-90-0237 & 2237	16,183
Sportran 02 Capital Improvements	20.500	LA-90-0240 & 2240 LA-90-03-0096	50,891
Sportran 03 Capital Improvements	20.500	LA-90-0252 & 2252	41,081
Sportran 04 Capital Improvements	20.500	LA-90-0264 & 2264	1,927,644
Sportran 05 Capital Improvements	20.500	LA-90-0279 & 2279	1,410,497
Total Federal Transit Administration			<u>3,511,718</u>
Federal Aviation Administration:			
Direct Programs:			
Airport Improvement Program:			
FAR Part 150 Property	20.106	3-22-0048-19,21,22 25,26,28,29,33&36	2,705,470
Parallel Taxiway to Runway 14/32, Rehabilitate	20.106	3-22-0048-37	595,240
Construct West Parallel Taxiway 4/22 Regional	20.106	3-22-0048-35	288,692
Sweeper Acquisition	20.106	3-22-0048-31	114
Security Upgrade - Regional Airport	20.106	3-22-0048-31	45,162
Redesign Taxiway D and Repair Apron - Downtown Airport	20.106	3-22-0047-12	89,237
Install Guidance System - Downtown Airport	20.106	3-22-0047-13	38,071
Airport Layout Plans - Downtown Airport	20.106	3-22-0047-12	62,657
Total Federal Aviation Administration			<u>3,824,643</u>
Federal Highway Administration:			
Direct Programs:			
Highway Planning and Construction (Federal-Aid Highway Program):			
Greenwood Road @ Pines	20.205	M-0500(022)/M-0500(021) I-02-0026/700-29-0064	117,947
Lakeshore Drive Extension Widening	20.205	FAP No. M-8867 (002) / STP-0901 (507)	102,534
Total Federal Highway Administration			<u>220,481</u>
National Highway Traffic Safety Administration:			
Passed through Louisiana Highway Safety Commission -			
State and Community Highway Safety:			
Shreveport Enforcement Project	20.600	PT05-39-00; PT06-23-00	22,804
Total U.S. Department of Transportation			<u>7,579,646</u>

CITY OF SHREVEPORT, LOUISIANA

Schedule of Expenditures of Federal Awards

Year ended December 31, 2005

<u>Grant title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Federal expenditures</u>
U.S. Department of Housing and Urban Development:			
Direct Programs:			
Community Development Block Grants:			
Entitlement Grants – Community Development Block Grant	14.218	MC-22-0007	\$ 1,822,487
Brownfields Economic Development Initiative	14.246	N/A	59,629
Section 108 Loan Guarantees	14.248	3-99-MC-22-0007, 3-99-MC-22-0007/A	5,424,492
HOME Investment Partnerships Program	14.239	MC-22-0200	655,437
Passed through Louisiana Office of Community Service:			
Emergency Shelter Grants Program	14.231	MC-22-0003	99,805
Emergency Shelter Grants Program	14.231	06542	89,503
			<u>189,308</u>
Total U.S. Department of Housing and Urban Development			<u>8,151,353</u>
U.S. Department of Labor:			
Passed through Louisiana Department of Social Services – Office of Family Support – Louisiana J.E.T. Program – Employment and Training Administration Evaluations			
	17.262	CFMS 590611	267,007
Passed through Louisiana Department of Labor:			
Workforce Investment Act – Adult Program	17.258	N/A	1,945,277
Workforce Investment Act – Youth Activities	17.259	N/A	1,266,066
Workforce Investment Act – Dislocated Workers	17.260	N/A	1,458,587
			<u>4,669,930</u>
Total U.S. Department of Labor			<u>4,936,937</u>
U.S. Environmental Protection Agency:			
Direct Programs:			
Brownfield Assessment Grant	66.802	N/A	3,515
Brownfield Supplemental Assessment Grant	66.802	N/A	5,700
Brownfield Revolving Loan Grant	66.802	N/A	400,000
Brownfield Job Training – Katrina	66.813	N/A	19
EPA Clean Air	66.034	N/A	40,065
Passed through State of Louisiana Department of Environmental Quality – Capitalization Grants for Clean Water State Revolving Loan Funds – Sewage System Program			
	66.458	N/A	11,766,197
Passed through State of Louisiana Department of Health and Hospitals – Capitalization Grants for Drinking Water State Revolving Funds – Safe Drinking Water Program			
	66.468	N/A	1,029,602
Total U.S. Environmental Protection Agency			<u>13,245,098</u>
U.S. Department of Commerce:			
Direct Programs:			
Grants for Public Works and Economic Development Facilities – Shreveport Industrial Campus	11.300	08-01-03213	42,867
Total U.S. Department of Commerce			<u>42,867</u>

CITY OF SHREVEPORT, LOUISIANA

Schedule of Expenditures of Federal Awards

Year ended December 31, 2005

<u>Grant title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Federal expenditures</u>
U.S. Department of Justice:			
Direct Programs:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Programs – Weed and Seed	16.580	2005WSQ50131	\$ 17,903
Forensic Casework DNA Backlog Reduction Program – Solving Cold Cases with DNA	16.743	2005-DN-BX-K029	13,613
Edward Byrne Memorial Justice Assistance Grant Program – Law Enforcement Equipment and Overtime Initiative	16.738	2005-DJ-BX-0063	8,986
Public Safety Partnership and Community Policing Grants – Federal Interoperability Grant	16.710	2004INWX0009	16,618
FBI Grant Program – Safe Streets	16.166E-NO-54661	166E-NO-54661	8,179
U.S. Attorney's Office Grant Program – Organized Crime Drug Enforcement	16.UNKNOWN	N/A	24,786
Office of National Drug Control Policy Grant Program – High Intensity Drug Trafficking	16.UNKNOWN	15PGCP5522	22,611
Project Safe Neighborhoods	16.609	2003GPCX0154	124,954
Passed through Louisiana Commission on Law Enforcement –			
Byrne Formula Grant Program:			
Property Crime	16.579	B03-1-012/013	23,623
Integrated criminal apprehension	16.579	B03-1-012; B04-1-011; B05-1-004	55,950
Antiterrorism	16.579	B03-1-014; B04-1-009	4,896
Knock and Talk Grant	16.579	B01-1-011; B04-1-010	40,237
			124,706
Drug Abuse Resistance Education	16.UNKNOWN	E05-1-012; E06-1-012	149,550
A.F.I.S.	16.UNKNOWN	N/A	347,934
Total U.S. Department of Justice			859,840
U.S. Department of Homeland Security:			
Direct programs – weapons of mass destruction	97.038	N/A	51,188
Homeland security cluster – passed through Louisiana office of Homeland Security and Emergency Preparedness – Disaster Grants – Public Assistance (presidentially declared disasters)	97.036	FEMA-1603-DR-LA and FEMA-1607-DR-LA	1,558,470
Passed through Louisiana Commission on Law Enforcement and Louisiana State Police –			
Homeland Security Grant Program – Terrorism Prevention Grant	97.067	X04-1-005	185,645
Total U.S. Department of Homeland Security			1,795,303

CITY OF SHREVEPORT, LOUISIANA
Schedule of Expenditures of Federal Awards
Year ended December 31, 2005

<u>Grant title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Federal expenditures</u>
U.S. Department of Interior:			
Direct Programs – Save America’s Treasures – McNeil St Pumping Station	15.929	22-01-ML-1156 22-04-ML-0031 22-04-ML-1218	<u>179,758</u>
Total U.S. Department of Interior			<u>179,758</u>
U.S. Department of Health and Human Services:			
Passed through Louisiana Department of Labor – Temporary Assistance for Needy Families – STEPS	93.558	CFMS 610355	<u>88,577</u>
Total U.S. Department of Health and Human Services			<u>88,577</u>
Total Federal Financial Assistance			<u>\$ 36,879,379</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF SHREVEPORT, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards

December 31, 2005

(1) General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Shreveport, Louisiana (the City) and is presented using the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

(2) Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

<u>Program title</u>	<u>Federal CFDA number</u>	<u>Amount provided to subrecipients</u>
Community Development Block Grant	14.218	\$ 770,908
HOME Investment in Affordable Housing	14.239	245,000
Workforce Investment Act	17.258, 17.259, 17.260	1,967,575

(3) Loan Programs

The federal expenditures presented in this schedule include loans passed through State of Louisiana Department of Environmental Quality – Capitalization Grants for Clean Water State Revolving Loan Funds – Sewage System Program in the amount of \$11,766,197 during 2005, of which \$76,000,000 has been authorized and \$60,856,191 is outstanding.

The federal expenditures presented in this schedule also include loans passed through State of Louisiana Department of Health and Hospitals – Capitalization Grants for Drinking Water State Revolving Funds – Safe Drinking Water Program in the amount of \$1,029,602, of which \$19,540,000 has been authorized and \$17,632,555 is outstanding.

CITY OF SHREVEPORT, LOUISIANA

Schedule of Findings and Questioned Costs

Year ended December 31, 2005

Section 1 – Summary of Auditor's Results

Financial Statements

Type of report issued on the basic financial statements: unqualified opinion

Internal control over financial reporting:

- Material weaknesses identified? No
- Reportable conditions in internal control were disclosed by the audit of the basic financial statements? Yes

Noncompliance which is material to the basic financial statements? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No
- Reportable conditions in internal control over major programs? Yes

Type of auditor's report issued on compliance for major programs: unqualified opinion

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes

Identification of major programs:

<u>CFDA number</u>	<u>Name of federal program or cluster</u>
20.106	Department of Transportation – Federal Aviation Administration – Airport Improvement Program
97.036	Department of Homeland Security – Homeland Security Cluster – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
17.258, 17.259 & 17.260	Department of Labor – Workforce Investment Act Cluster
66.458	Environmental Protection Agency – Passed through State of Louisiana Department of Environmental Quality – Capitalization Grants for Clean Water State Revolving Loan Funds – Sewage System Program
66.468	Environmental Protection Agency – Passed through State of Louisiana Department of Health and Hospitals – Capitalization Grants for Drinking Water State Revolving Funds – Safe Drinking Water Program

Dollar threshold used to distinguish between Type A and Type B programs: \$559,773

Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: No

CITY OF SHREVEPORT, LOUISIANA
Schedule of Findings and Questioned Costs
Year ended December 31, 2005

Section 2 – Financial Statement Findings Reported in Accordance with *Government Auditing Standards*

Item: 05-1

Criteria or specific requirement: OMB Circular A-133 requires the auditee to identify all federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include the CFDA title and number, award number and year, name of the federal agency, and name of the pass-through entity.

Type of Finding: Reportable condition on internal control over financial reporting

Condition: The Schedule of Expenditures of Federal Awards (SEFA), prepared by the City, did not contain all required information to identify all federal awards or the amounts expended for federal awards. Specifically, we noted the following:

- There were several grants where the CFDA #, award number, and year was not provided;
- Some of the descriptions/title of grants were incorrect;
- Amounts expended under CFDA #97.036 were not accurately reflected on the SEFA; and
- Two non-federal grants were erroneously included on the SEFA.

Management was advised of these issues and a corrected SEFA was prepared and is reflected in this report.

Context: The issues noted, gone undetected by KPMG, would have impacted accurate reporting of the SEFA and major program selection.

Effect: The risk of inaccurate reporting in the SEFA is increased.

Cause: Grant funds are received throughout various departments and by numerous individuals. This makes it difficult to track the activity of all grants. Individuals responsible for preparing the SEFA are not aware of the requirements of OMB Circular A-133 and the contents required in the SEFA.

Recommendation: We recommend the City implement controls to ensure the SEFA is prepared accurately and reflects all requirement information. The City should consider how best to assign responsibility for preparing the SEFA. Options could include centralization of grant accounting and monitoring in the Finance Department or designating individuals in various departments responsibility for accounting and monitoring all grants that flow through their respective department. Additionally, we recommend Management review the SEFA for accuracy and all individuals assigned responsibility for preparing or reviewing the SEFA obtain training on the requirements of OMB Circular A-133.

Views of responsible officials and planned corrective actions:

- A) Name of Contact Responsible - Controller
- B) Corrective Action Planned – Assign responsibility to an Accountant III to review the Schedule of Expenditures of Federal Awards (SEFA) for accuracy of the award numbers and amounts reported.
- C) Anticipated Completion Date - Effective for the 2006 SEFA schedules

CITY OF SHREVEPORT, LOUISIANA

Schedule of Findings and Questioned Costs

Year ended December 31, 2005

Section 3 – Federal Award Findings and Questioned Costs

Item: 05-2

Grant: Federal Aviation Administration – Airport Improvement Program

CFDA Number: 20.106

Grant Numbers: 3-22-0048-036

Criteria or specific requirement: Davis-Bacon Act

Type of Finding: Material noncompliance and material weakness

Condition: When required by the Davis-Bacon Act, the Department of Labor's (DOL) government-wide implementation of the Davis-Bacon Act, or by Federal program legislation, all laborers and mechanics employed by contractors or subcontractors that work on construction contracts in excess of \$2000 financed by federal assistance funds must be paid wages not less than those established by the DOL (40 USC 276a to 276a-7) for the locality of the project (prevailing wage rates).

Questioned Costs: \$965,863, which represents total grant funds paid to the Prime Contractor in 2005

Context: Subcontractor, Eric Hall dba Hall's B&H Mechanical Contractors (subcontractor for the Prime Contractor, Northeast Noise Abatement Corp) was paid wages less than the prevailing wage rate. The condition occurred in project 406595, Residential Sound Reduction Phase 4A.

Effect: The City is not in compliance with the Davis-Bacon Act.

Cause: Internal Control (management review) was ineffective. The lack of compliance was not identified during the review process of WD Schock or the review process of management.

Recommendation: We recommend the City's review process be strengthened to include a timely specific review of wage rates paid to determine compliance with the Davis-Bacon Act.

Management's Response:

- A) Name of Contact Responsible - Manager of Administrative Services
- B) Corrective Action Planned – We do agree that B & H Mechanical did not pay the owner, Eric Hall, the prevailing wage rates for work performed as a mechanic. WD Schock, the Airport's consultant for the Sound Insulation Program, has been notified of their contractual obligations to ensure contractors comply with Davis-Bacon. Management will amend the Regional Payment Processing Checklist to include compliance with prevailing wage rates. The Manager of Administrative Services shall ensure compliance before signing.
- C) Anticipated Completion Date - June 19, 2006

CITY OF SHREVEPORT, LOUISIANA
Schedule of Findings and Questioned Costs
Year ended December 31, 2005

Item: 05-3

Grant: Federal Aviation Administration – Airport Improvement Program

CFDA Number: 20.106

Grant Numbers: All grants under the CFDA number 20.106

Criteria or specific requirement: Reporting

Type of Finding: Noncompliance and reportable condition

Condition: FAA requires the following forms be submitted within 120 days of year end: FAA Form 5100-127, *Operating and Financial Summary* (OMB No. 2120-0557) and FAA Form 5100-126, *Financial Government Payment Report* (OMB No. 2120-0557). FAA forms 5100-126 and 5100-127 were not submitted until August 25, 2005. Additionally, there was no management review or approval of the reports prior to submission.

Questioned Costs: None.

Context: The required forms were not submitted until August 25, 2005.

Effect: The City is not in compliance with the reporting requirements.

Cause: Lack of oversight and review.

Recommendation: We recommend the City implement review procedures for these reports prior to submission. Additionally, the City should implement controls to ensure the reports are submitted within the required timeframe.

Management's Response:

- A) Name of Contact Responsible - Airport Fund Accountant
- B) Corrective Action Planned – Submit FAA Form 5100-127, *Operating and Financial Summary* (OMB No. 2120-0557) and FAA Form 5100-126, *Financial Government Payment Report* (OMB No. 2120-0557) for management review and file within 120 days of year end.
- C) Anticipated Completion Date – Effective for the 2006 year end reports.

CITY OF SHREVEPORT, LOUISIANA

Schedule of Findings and Questioned Costs

Year ended December 31, 2005

Item: 05-4

Grant: Department of Homeland Security – Disaster Grant – Public Assistance (Presidentially Declared Disasters)

CFDA Number: 97.036

Grant Numbers: FEMA-1603-DR-LA

Criteria or specific requirement: Allowable Cost/Cost Principles

Type of Finding: Noncompliance and reportable condition

Condition: Force Account Labor Costs – The straight- or regular-time salaries and benefits of a subgrantee's permanently employed personnel are not eligible in calculating the cost of eligible work for emergency protective services or debris removal under sections 403 and 407 of the Stafford Act (42 USC 5170b and 5173, respectively). For performance of eligible permanent restoration under section 406 of the Stafford Act (42 USC 5172), straight-time salaries and benefits of a subgrantee's permanently employed personnel are eligible (44 CFR section 206.228(a)(4)).

Questioned Costs: \$419,086, which represents estimated costs for work not required and not paid for the period October 15, 2005 to October 31, 2005

Context: Revision 1 dated December 7, 2005 did not remove the estimated force account labor costs for the period October 15 – October 31st.

Effect: The City is not in compliance with the allowable cost requirement.

Cause: Lack of oversight and review.

Recommendation: We recommend the City implement procedures to complete revisions based on actual expenditures and remove all estimates.

Management's Response:

- A) Name of Contact Responsible – Jim Holt
- B) Corrective Action Planned – We disagree with your recommendation that the City implement procedures to complete revisions based on actual expenditures and remove all estimates. It would be inappropriate for the City to implement procedures to modify paperwork which was initially prepared and approved by FEMA. If modifications to the paperwork that they prepare are made, it should be done by them, either via their field inspector who did the initial paperwork or through their Baton Rouge office at the time the Louisiana Office of Public Assistance has determined where cutoffs for payment of actual work performed will be made. The City of Shreveport nor any other municipality has the authority to modify paperwork initiated by FEMA.
- C) Anticipated Completion Date - N/A

CITY OF SHREVEPORT, LOUISIANA
OMB Circular A-133 Reports
Status of Prior-Year Findings and Questioned Costs
Year Ended December 31, 2004

Item 04-1

- A) Name of Contact Responsible – Manager of Administrative Services
- B) Corrective Action Planned – As noted by the finding, procedures are already in place for Airport management and the Master Service Engineer to review the submitted payroll. However, these procedures will be revised to ensure a more efficient process. The Payment Processing Checklist will be revised to state “Certified” payroll attached and the Manager of Administrative Services and the Management Assistant will ensure compliance. The engineer will identify any errors in the wage rates. The Accounting Specialist will continue to audit the certified payroll and identify any arithmetic errors.
- C) Anticipated Completion Date – Immediately
- D) Procedures were revised to state “Certified” payroll attached, and the Manager of Administrative Services and the Management Assistant are ensuring compliance. The engineer reviews for any errors in wage rates and the Accounting Specialist reviews for mathematical accuracy.

Item 04-2

- A) Name of Contact Responsible – Management of Administrative Services
- B) Corrective Action Planned – We agree that there may be some instances in which the reimbursement request was made prior to the invoice being paid by the City. Our current procedure is to submit the invoice to the Finance Department for payment, then we prepare the reimbursement request. The Management Assistant will now review the FAMIS system to ensure that a check has printed before the reimbursement request is processed.
- C) Anticipated Completion Date – Immediately
- D) The FAMIS system is reviewed to ensure checks have been printed prior to reimbursement.

Item 04-3

- A) Name of Contact Responsible – Fixed Asset Accountant
- B) Corrective Action Planned – During 2004, attempts were made to use fields in the Fixed Asset System to identify federal participation, but the system did not recognize these fields. It was determined that programming changes would be required. Changes and testing will be done in 2005.
- C) Anticipated Completion Date – October 2005
- D) The Fixed Asset System was modified in September 2005 to identify new additions that have federal funding.

Item 04-4

- A) Name of Contact Responsible – Grant Writer and Project Manager
- B) Corrective Action Planned – The EPA DBE Coordinator requested that the City report the total contract amount for MBE/WBE utilization on Form 5700-52A when executed rather than showing costs as expenditures occur. The City is inclined to comply with the federal agency’s request since it has the authority to withhold funding.
- C) Anticipated Completion Date – August 31, 2005

- D) The City's Engineering Division has initiated procedures to review "Subcontractors Payments and Utilization Reports" prior to preparing and submitting the Quarterly MBE/WBE (5700.52A) Reports to EPA.

Item 04-5

- A) Name of Contact Responsible – Grant Writer and Project Manager
- B) Corrective Action Planned – The City requested reimbursement aware of an impending change order which would increase the contract amount. That change order become effective on February 1, 2005, making the City's effective request 55% of the amended contract. The City is confident that it will contribute more than its 45% costs share and will not be required to refund grant revenue to the federal agency at the end of the project.
- C) Anticipated Completion Date – August 31, 2005
- D) Procedures are in place to review and document reimbursement requests, taking into account the matching requirements, whenever a drawdown is submitted.



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Shreveport, LA 71101-3692

June 12, 2006

CONFIDENTIAL

Mr. Theron Jackson, Chairman
Audit Subcommittee and Members of the City Council
City of Shreveport, Louisiana

Ladies and Gentlemen:

We have audited the financial statements of the City of Shreveport, Louisiana (the City) for the year ended December 31, 2005, and have issued our report thereon dated June 12, 2006. In planning and performing our audit of the financial statements of the City, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

During our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

CLAIMS LIABILITIES

The City's current method of estimating the claims liabilities for general and workers' compensation liabilities are not actuarially based. We recommend the City retain the services of an actuary to aid in the estimate of these liabilities.

Management's Response – Governmental Accounting Standards Board (GASB) does not require that the method of estimating claims liabilities be done actuarially. GASB Statement 10, paragraph 57 states "Claims liabilities including IBNR should be based on the estimated ultimate cost of settling the claims (including the effects of inflation and other societal and economic factors), using past experience adjusted for current trends, and other factors that would modify past experience. Expenditures/expenses and liabilities may be estimated through a case-by-case review of all claims, the application of historical experience to the outstanding claims, or a combination of these methods. Estimates of IBNR losses should be based on historical experience."

The City provided a case-by-case review of its claims for general liabilities and workers compensation. The estimate of the outstanding losses for workers compensation, which KPMG did not agree with, was based on the case-by-case review of the City's third-party administrator which has been handling the claims for years. The firm has a vast amount of experience in the field of workers compensation within the state of Louisiana and many other states.

Mr. Theron Jackson, Chairman
Audit Subcommittee and Members of the City Council
June 12, 2006
Page 2

We do not concur with KPMG's estimate which doubled the losses over the past year without any large claims being incurred. However, the City will take into advisement the recommendation of retaining the services of an actuary to aid in the estimate of the liabilities.

USER ACCESS

Formalized and periodic review of the appropriateness of user access to the network and applications is not performed and documented. Lack of adequate periodic review of user access at the network and application level increases the risk that access becomes inappropriate over time, as the environment evolves (i.e. users gain additional responsibilities, job transfers, etc.) and that inappropriate and/or unauthorized system access is not detected and remediated timely. Periodic reviews of user access are also a means to detect segregation of duties conflicts within system access, which may have resulted from inadequate analysis upon initial account setup or modifications made over time which did not adequately consider the segregation of duties concerns.

The City should require that user access reviews be performed by appropriate user management personnel on a periodic basis to verify that user's access is commensurate with job responsibilities and to specifically detect high-risk segregation of duties conflicts.

Reviewing and maintaining the appropriateness of user access is ultimately the responsibility of user management. The City's Data Processing group should play a facilitator role in this review process.

Management's Response – We agree. We will notify all departments that there should be a formal and periodic review of the appropriateness of their users' access to the network and applications. The Data Processing group will periodically send a reminder to the departments.

FIXED ASSETS

Depreciation – All computer and related equipment, regardless of the type of equipment, has been depreciated over a 10 year life. A useful life of 10 years does not appear to be a reasonable estimate of the actual useful life of the equipment in use. Due to technological changes and turnover of computer equipment, particularly laptop computers, a review of the computer equipment should be performed and computers and equipment with estimated lives of less than 10 years should be adjusted to reflect a more appropriate life of the equipment.

Management's response – We agree that some computer-related equipment such as personal and laptop computers could have a shorter life. We will revise this equipment to a 5-year life category.

Disposals of Fixed Assets – During 2005, certain fixed assets were removed from the books because the assets could not be located during a physical inventory. There was also an asset disposed of that was not recorded on the fixed asset listing. We recommend the City remind its employees of its policy for safeguarding fixed assets and the proper procedures to follow when an asset is disposed of. We also recommend a periodic reconciliation between assets on the fixed asset listing and the physical assets be performed by each department. Reconciling items should be documented and fully explained.

Management's response – We agree that some differences do exist when physical inventories are performed. We currently require annual fixed asset inventories by all departments. Reconciliations are completed and documented for each completed inventory and any required adjustments are made into the system. We will continue to inform City employees of policies safeguarding fixed assets and of the proper procedures to be followed upon dispositions.

PAYROLL

During our audit, we noted that the Department of Operational Services (DOS) utilizes a biometric time system whereby a time clock is activated based on an employee's hand print as they clock in/out to work. The system then generates a report that calculates the amount of time the employee should be paid. However, the calculation from the biometric time system (BTS) is not the basis for the amount paid to employees. The employees are required to complete an Absence Request and Report (Form 24) in order to be paid for any time outside of their standard 40 hours for such things as overtime, vacation, sick leave, etc. We noted the results of the BTS system was not reconciled to the amount paid to the employee. Procedures should be implemented to reconcile the BTS to the time keeping system to support the time paid to the employee.

Management's Response – We agree with this finding and will implement procedures to reconcile the biometric time system to the time keeping system to support the time paid to employees.

INVENTORY

We performed inventory counts at various locations at the City. As a result, several areas of concern were noted:

- Inconsistency in what is recorded as inventory. In some locations, all items were included as inventory regardless of value or turnover rate and in other locations, large value items and low turnover items were not included.
- Physical inventory counts are not performed at all locations on an annual basis.
- Inventory was not properly valued based on use of incorrect unit of measure for pricing, lack of updated prices to reflect changes in cost and timing of inventory measurement.
- Access to assets is not segregated among employees of EMS and Fire Maintenance at the inventory location.

We recommend procedures be implemented to ensure consistency among locations regarding the counting of inventory, what is to be included in inventory and how it is to be priced. All locations should also be reviewed to ensure only authorized personnel have access to the assets.

Management's response – We agree that there were some inconsistencies in the inventory process. Detailed instructions are provided each year to each department with inventory items. We will emphasize the need to follow these instructions and to complete a physical inventory where required.

Mr. Theron Jackson, Chairman
Audit Subcommittee and Members of the City Council
June 12, 2006
Page 4

We agree that Fire Maintenance, due to limited facilities, does not have adequate segregation among employees for access to assets. The Maintenance Division plans to be in a new maintenance facility by the second quarter of 2007. Included in the plans are secure storage locations for assets. Research is being conducted on reorganization and additional staffing of EMS/Maintenance stock clerks for greater efficiency.

We disagree with the EMS control over assets. The EMS Division feels very comfortable with the EMS inventory system. The supplies and equipment are in a locked room at the Maintenance Facility when the EMS supply clerk is not present. The EMS supervisors have a key in case of emergency needs outside of normal working hours and maintenance personnel have a key for access to the building's fuel panel.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts for the Municipal and Regional Airport did not include an allowance for certain customers that were >90 days delinquent. This was a result of items requiring additional research as well as receivables from customers in bankruptcy. Efforts should be made to maintain accounts in a current status. Customers who have delinquent balances with uncertainty regarding collection should be fully reserved.

Management's response – We agree that the allowance for doubtful accounts do not include certain accounts which are over 90 days delinquent. However, Management believes that the Airport will collect on many of these accounts. The payments on one of these accounts have been deferred by the Shreveport Airport Authority Board until June 30, 2006. Management will continue to put forth efforts to maintain all accounts in the current status. We will also work with the Finance Department to ensure that the applicable accounts are included in the allowance for doubtful accounts.

REQUESTS FOR REIMBURSEMENT

Certain construction projects are funded through grant revenues from the Federal Government and the State of Louisiana. We noted a reimbursement request for the State of Louisiana Facility Planning & Control Grant (FPC project #50-MR1-97B-02 for Shreve Park Industrial Campus (Phase IV – Southern Roadway Extension) that had not been requested pending completion of the project.

Additionally, we continued to identify a significant time lag, up to 123 days, between the date of payment for expenditures and the date of the requests for reimbursement for the Airport Improvement Program Grants.

Requests should be made on a systematic basis (monthly or quarterly) in order to limit the time lag between cash outlay for cost incurred and cash received for reimbursement.

Management's response – We disagree with this finding and will continue to follow our normal procedure on State/Federal Grant Fund-related projects. Requests for reimbursement are submitted after the conclusion of the project when all costs have been determined.

We agree that some reimbursement requests were not made timely due to turnover in the departments. Requests for reimbursements will be made on a more timely basis.

PROCUREMENT CARDS

In connection with our review of procurement cards we obtained a listing from the purchasing department of procurement card holders. It was determined the list was incomplete based upon review of authorization from the bank for an individual having a procurement card that was not included on the listing. In order to effectively monitor the use of procurement cards, a reconciliation should be performed periodically verifying with the bank the accuracy of the internal listing maintained by the purchasing department.

Management's Response – We agree that the list for cardholders was incomplete. However, records are kept for each individual who has attained a card. We will reconcile the internal list to the banks authorized list on a periodic basis and update as required.

FRAUD HOTLINE

The activity of the City's fraud hotline is monitored by internal audit. We reviewed the activities and while we noted no allegations that would have had a significant impact on the 2005 audit, we noted that the review process of the activity could be strengthened. The activity of the fraud hotline is reported to the audit committee in a summary report with no details provided. Because the details of the allegations submitted to the fraud hotline are not provided to the Audit Committee, the Audit Committee does not have enough information to properly monitor the procedures performed by Internal Audit. We recommend internal audit expand the reporting to the audit committee to provide more information on the types of allegations made and get their input on how the items should be investigated. We noted one allegation in particular where no further investigation was performed due to the fact that the City Internal Auditor believed "it would take many man-hours of investigative work to establish this allegation." While this allegation may have required a significant amount of effort on the City Internal Audit's department, the decision whether or not to perform additional procedures should be discussed in detail with the Audit Committee Chairman.

Management's response – The Internal Audit Office will provide more detailed reporting to the Audit and Finance Committee by providing the information as outlined in the attached spreadsheet below, recommended by the American Institute of Certified Public Accountants (AICPA).

Audit and Finance Committee Sample Fraud Hotline Tracking Report						
Date Submitted	Tracking Number	Description of Complaint	Submitted By ¹	Current Status ²	Actions Taken	
					Date	Comments

- 1 Submitted By Codes: Employee (E); Citizen (C); Vendor/Contractor (VC); Management/Adm. (M); City Council (CI); Other (O)
2 Current Status Codes: R- Resolved; UI - Under Investigation; D - Dismissed; W - Withdrawn; P - Pending/No Action

Mr. Theron Jackson, Chairman
Audit Subcommittee and Members of the City Council
June 12, 2006
Page 6

When the fraud hotline was established in 1993 by the City Internal Audit Office, policies and procedures implemented for the fraud hotline, including the summary reporting currently used, were based on the fraud hotline procedures operated by the Dallas City Auditor's Office. Office personnel traveled to Dallas to observe their fraud hotline system and used that process as a model to develop a fraud hotline for the City. Summary reporting, which included reporting only the number of allegations received and their disposition, was considered more appropriate at the time in order to protect the anonymity of individuals or employees providing the tips (e.g., from retaliation), as well as to safeguard Internal Audit, as the investigative authority, from accusations of improper handling of the investigation.

Over the past few years, there has been a renewed interest in organizational governance, in light of the recent incidences of fraud nationally, including Enron and WorldCom. Fraud hotlines have received more focus and attention as a tool to detect and deter illegal behavior. Because of the emerging spotlight regarding the benefits of a fraud hotline, the City Internal Auditor will have more detailed discussions of fraud hotline allegations and any actions taken with the Audit and Finance Committee Chairman to aid in carrying out governance responsibilities.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the company's organization gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of the Mayor and City Council members, audit subcommittee, management, the State of Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP



SHREVEPORT REGIONAL AIRPORT

Passenger Facility Charge Program

Year ended December 31, 2005

(With Independent Auditors' Reports Thereon)

SHREVEPORT REGIONAL AIRPORT

Table of Contents

	Page
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1
Independent Auditors' Report on Compliance With Requirements Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance and Schedule of Passenger Facility Charges Revenues and Disbursements	3
Schedule of Passenger Facility Charges Revenues and Disbursements and Accompanying Notes	5
Schedule of Passenger Facility Charge Program Findings and Questioned Costs	7



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**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards***

The Honorable Mayor and Members of the City Council
City of Shreveport, Louisiana:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Shreveport, Louisiana (City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 12, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide opinions on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned cost as item 05-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The

results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the City in a separate letter dated June 12, 2006.

This report is intended solely for the information and use of the Mayor and City Council members, audit subcommittee, management, the State of Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

June 12, 2006



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**Independent Auditors' Report on Compliance With Requirements Applicable to the
Passenger Facility Charge Program and on Internal Control Over Compliance and
Schedule of Passenger Facility Charges Revenues and Disbursements**

The Honorable Mayor and Members of the City Council
City of Shreveport, Louisiana:

Compliance

We have audited the compliance of the City of Shreveport, Louisiana (City) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration, for its passenger facility charge program for the year ended December 31, 2005. Compliance with the requirements of laws, regulations, and contracts applicable to its passenger facility charge program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, and contracts applicable to the passenger facility charge program. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Guide.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, and contracts caused by error or fraud that would be material in relation to the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

Schedule of Passenger Facility Charges Revenues and Disbursements

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2005, and have issued our report thereon dated June 12, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of passenger facility charges revenues and disbursements is presented for purposes of additional analysis as specified in the Guide and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Mayor and City Council members, audit subcommittee, management, the State of Louisiana Legislative Auditor, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

June 12, 2006

SHREVEPORT REGIONAL AIRPORT

Schedule of Passenger Facility Charges Revenues and Disbursements

Year ended December 31, 2005

	Cumulative 2004 Program Total	Quarter 1 January - March	Quarter 2 April - June	Quarter 3 July - September	Quarter 4 October - December	2005 Total	Cumulative 2005 Program Total
Revenue:							
Collections	\$ 10,986,057	207,016	358,071	317,106	405,717	1,287,910	12,273,967
Interest	1,728,878	1,245	2,959	2,854	6,025	13,083	1,741,961
Total revenue	12,714,935	208,261	361,030	319,960	411,742	1,300,993	14,015,928
Disbursements:							
Application 93-01 as amended by 95-02:							
Terminal renovation	4,926,700	--	--	--	--	--	4,926,700
Debt service payments	7,812,367	--	--	406,859	961,859	1,368,718	9,181,085
Total disbursements	12,739,067	--	--	406,859	961,859	1,368,718	14,107,785
Net PFC revenue	\$ (24,132)	208,261	361,030	(86,899)	(550,117)	(67,725)	(91,857)
PFC account balance	\$ (24,132)	184,129	545,159	458,260	(91,857)	(91,857)	(91,857)

See accompanying notes to schedule of passenger facility charges revenues and disbursements.

SHREVEPORT REGIONAL AIRPORT

Notes to Schedule of Passenger Facility Charges Revenues and Disbursements

December 31, 2005

(1) General

The accompanying schedule of passenger facility charges revenues and disbursements is presented using the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used, in the preparation of the financial statements.

(2) Passenger Facility Charges Matching Funds

Effective November 1, 2002, the Federal Aviation Administration approved an amendment to the Airport's passenger facility charge (PFC) application raising its PFC from \$3.00 (the rate since February 1, 1994) to \$4.50 per passenger enplanement. A PFC application was approved on February 6, 1996 to approve the use of PFC revenue for debt service and financing costs of PFC approved projects. Also, the total approved net PFC revenue to be collected was reduced. In accordance with the Records of Decision between the Airport and the Federal Aviation Administration, the Airport has used PFC revenues to fund debt service and financing costs of the Airport's terminal renovation project. The renovated terminal is leased to air carriers based on the amount of occupied square footage and a prescribed rate schedule.

SHREVEPORT REGIONAL AIRPORT

Schedule of Passenger Facility Charge Program Findings and Questioned Costs

Year ended December 31, 2005

Section 1 – Summary of Auditor's Results

Financial Statements

Type of report issued on the basic financial statements: unqualified opinion

Internal control over financial reporting:

- Material weaknesses identified? No
- Reportable conditions in internal control were disclosed by the audit of the financial statements? Yes

Noncompliance which is material to the basic financial statements? No

Passenger Facility Charges

Type of report issued on the passenger facility charge program: unqualified opinion

Internal control over the passenger facility charge program:

- Material weaknesses identified? No
- Reportable conditions in internal control over major programs? None reported

Type of auditor's report issued on compliance for the passenger facility charge program: unqualified opinion

Any audit findings disclosed that are required to be reported in accordance with the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration? No

Quarterly revenue and disbursements reconcile with submitted quarterly reports? Yes

Passenger facility charge program revenue and interest in the general ledger agreed to amounts reported on FAA Form 5100-127? Yes

The Public Agency maintains a separate financial accounting record for each application? Yes

Funds disbursed were for passenger facility charge program eligible items as identified in the FAA decision to pay only for the allowable costs of the projects? Yes

Monthly carrier receipts reconciled with quarterly carrier reports? Yes

Passenger facility charge program revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds? Yes

Serving carriers notified of passenger facility charge program actions/changes approved by the FAA? Yes

Quarterly reports transmitted (or available via web site) to remitting carriers? Yes

The Public Agency is in compliance with Assurances 5, 6, 7, and 8? Yes

SHREVEPORT REGIONAL AIRPORT

Schedule of Passenger Facility Charge Program Findings and Questioned Costs

Year ended December 31, 2005

Project administration is carried out in accordance with Assurance 10? Yes

For those public agencies with excess revenue, a plan for the use of this revenue has been submitted to the FAA for review and concurrence? N/A

Section 2 – Financial Statement Findings Reported in Accordance With *Government Auditing Standards*

Item: 05-1

Criteria or specific requirement: OMB Circular A-133 requires the auditee to identify all federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include the CFDA title and number, award number and year, name of the federal agency and name of the pass-through entity.

Type of Finding: Reportable condition on internal control over financial reporting

Condition: The Schedule of Expenditures of Federal Awards (SEFA), prepared by the City, did not contain all required information to identify all federal awards or the amounts expended for federal awards. Specifically, we noted the following:

- There were several grants where the CFDA #, award number, and year was not provided;
- Some of the descriptions/title of grants were incorrect;
- Amounts expended under CFDA #97.036 were not accurately reflected on the SEFA; and
- Two non-federal grants were erroneously included on the SEFA.

Management was advised of these issues and a corrected SEFA was prepared and is reflected in this report.

Context: The issues noted, gone undetected by KPMG, would have impacted accurate reporting of the SEFA and major program selection.

Effect: The risk of inaccurate reporting in the SEFA are increased.

Cause: Grant funds are received throughout various departments and by numerous individuals. This makes it difficult to track the activity of all grants. Individuals responsible for preparing the SEFA are not aware of the requirements of OMB Circular A-133 and the contents required in the SEFA.

Recommendation: We recommend the City implement controls to ensure the SEFA is prepared accurately and reflects all requirement information. The City should consider how best to assign responsibility for preparing the SEFA. Options could include centralization of grant accounting and monitoring in the Finance Department or designating individuals in various departments responsibility for accounting and monitoring all grants that flow through their respective department. Additionally, we recommend Management review the SEFA for accuracy and all individuals assigned responsibility for preparing or reviewing the SEFA obtain training on the requirements of OMB Circular A-133.

SHREVEPORT REGIONAL AIRPORT

Schedule of Passenger Facility Charge Program Findings and Questioned Costs

Year ended December 31, 2005

Views of responsible officials and planned corrective actions:

- A) Name of Contact Responsible - Controller
- B) Corrective Action Planned - Assign responsibility to an Accountant III to review The Schedule of Expenditures of Federal Awards (SEFA) for accuracy of the award numbers and amounts reported.
- C) Anticipated Completion Date - Effective for the 2006 SEFA schedules.

Section 3 – Passenger Facility Charges Findings and Questioned Costs

None



KPMG LLP
Suite 1900
333 Texas Street
Shreveport, LA 71101-3692

September 14, 2006

CONFIDENTIAL

Mr. Theron Jackson, Chairman
Audit Subcommittee and Members of the City Council
City of Shreveport, Louisiana

Ladies and Gentlemen:

At the request of the Louisiana Legislative Auditor, we are issuing this addendum to our management letter dated June 12, 2006. We have not performed any additional audit procedures since that date.

We have audited the financial statements of the City of Shreveport, Louisiana (the City) for the year ended December 31, 2005, and have issued our report thereon dated June 12, 2006. In planning and performing our audit of the financial statements of the City, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

During our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

THEFT

Several employees in the City's water and sewerage department were arrested for allegedly stealing City materials. The City estimates the materials stolen were valued at approximately \$5,000.

* * * * *

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the company's organization gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of the Mayor and City Council members, audit subcommittee, management, the State of Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP